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U.S. CONGRESS JOINT COMMITTEE

LABOR-MANAGEMENT RELATIONS

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80th Congress
2d Session

JOINT COMMITTEE PRINT

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Pt. 1
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LABOR-MANAGEMENT RELATIONS

REPORT

OF THE

JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS

CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 401 OF PUBLIC LAW 101 (80TH CONG.) ESTABLISHING A JOINT CONGRESSIONAL COMMITTEE TO BE KNOWN AS THE JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS

Printed for the use of the Joint Committee on Labor-Management Relations

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[Created pursuant to sec. 401 of Public Law 101, 80th Cong.]

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LABOR-MANAGEMENT RELATIONS

Ordered to be printed

Mr. BALL, from the Joint Committee on Labor-Management Relations, submitted the following

REPORT

[Pursuant to Sec. 401 of Public Law 101, 80th Cong.]

The Joint Committee on Labor-Management Relations was established under the terms of section 401 of Public Law 101, enacted June 23, 1947. Relevant sections are as follows:

SEC. 401. There is hereby established a joint congressional committee to be known as the Joint Committee on Labor-Management Relations (hereafter referred to as the committee), and to be composed of seven members of the Senate Committee on Labor and Public Welfare, to be appointed by the President pro tempore of the Senate, and seven members of the House of Representatives Committee on Education and Labor, to be appointed by the Speaker of the House of Representatives. A vacancy in membership of the committee shall not affect the powers of the remaining members to execute the functions of the committee, and shall be filled in the same manner as the original selection. The committee shall select a chairman and a vice chairman from among its members.

SEC. 402. The committee, acting as a whole or by subcommittee, shall conduct a thorough study and investigation of the entire field of labor-management relations, including but not limited to—

(1) the means by which permanent friendly cooperation between employers and employees and stability of labor relations may be secured throughout the United States;

(2) the means by which the individual employee may achieve a greater productivity and higher wages, including plans for guaranteed annual wages, incentive profit-sharing and bonus systems;

(3) the internal organization and administration of labor unions, with special attention to the impact on individuals of collective agreements requiring membership in unions as a condition of employment;

(4) the labor relations policies and practices of employers and associations of employers;

(5) the desirability of welfare funds for the benefit of employees and their relation to the social-security system;

(6) the methods and procedures for best carrying out the collective-bargaining processes, with special attention to the effects of industry-wide or regional bargaining upon the national economy;

(7) the administration and operation of existing Federal laws relating to labor relations; and

(8) such other problems and subjects in the field of labor-management relations as the committee deems appropriate.

SEC. 403. The committee shall report to the Senate and the House of Representatives not later than March 15, 1948, the results of its study and investigation, together with such recommendations as to necessary legislation and such other recommendations as it may deem advisable, and shall make its final report not later than January 2, 1949.

SUMMARY OF FINDINGS

In the light of the studies and inquiries that have been carried on in the first 6 months of operation of the Labor-Management Relations Act of 1947, the committee feels warranted in making certain affirmative findings, even in the possibility they may be modified in some slight degree in the committee's final conclusions and recommendations. The committee takes this action in view of the fact that in over-all application, and basically controlling aspects, this law is working well, without undue hardship upon employer or employee, and promoting the adjustment of labor problems equitably and in more friendly and cooperative relationships. The committee finds—

1. A large proportion of the officers of labor organizations have complied with the requirement to file non-Communist affidavits and, in many other instances, the memberships of unions have acted decisively to compel compliance of reluctant officers, or to remove them for failure to do so.

2. An aggregate of 4,447 international, national, and local unions had met compliance requirements on February 29, 1948. Of these, 78 were of AFL's 105 internationals; 27 were of CIO's national and international unions; and 35 were national unaffiliated unions. Among local unions meeting compliance requirements, 3,192 were AFL locals; 421 were CIO locals; and 694 were locals of unaffiliated unions.

3. The number of secondary boycotts are steadily decreasing. The few cases in which the new law has been used as a means of terminating them have conclusively demonstrated its effectiveness. The already established precedent is serving as a strong deterrent.

4. A great number of jurisdictional strikes are being settled without necessity of formal action, and prevalence of such strikes is declining. Facts are persuasive that these disputes can best be adjusted by parent unions and, under provisions of the new act, a growing number of parent unions are assuming this responsibility. The building-trades department of the American Federation of Labor, working with National Associations of General Contractors, have reached agreement in principle on a plan of Nation-wide application which holds promise of solving the great majority of such disputes without recourse to the facilities of the National Labor Relations Board.

5. Unfair labor practice complaints against employers, filed with NLRB under the Labor-Management Act, are still far in excess of similar complaints filed against unions. In the first 5 months of the law's operation, 1,306 charges of this nature were filed against employers, 355 charges against unions. Two hundred of the charges against unions were filed by employers, the remainder being filed by individuals and other unions.

6. After a slow start, a strong trend has set in among labor unions to accept responsibility to comply with restrictions on compulsory union membership. Increasing use of the act's procedures for obtaining union-shop contracts is being made. In September 10 petitions for such contracts were filed with NLRB; in January 1948, 2,119; with a total of 4,217 in the first 5 months of the law's operation. The building-trades unions to whom the closed shop has been most traditional have agreed to the use of the act's orderly procedure to obtain union-shop contracts.

7. Traditional and identifiable groups of skilled workers are being organized and recognized in craft units in a rapidly growing number of instances, and creating a more satisfactory condition of employer and employee relationships for workers whose skill, vocation, and special community of interest are best served through the craft form of organization.

8. Strikes, in number, in man-days of idleness, and in total number of workers affected, have steadily declined in each successive month since the law became operative. The committee has substantial reason to believe the 60-day-notice requirement, the prohibition of jurisdictional strikes and strikes in support of secondary boycotts, the provision making unions suable for breach of contract, the more equitable balancing of rights of employers and employees, and other adjustment procedures set up in this law, are serving with growing effectiveness in discouraging strikes and controversial work stoppages.

9. Wages, either in average hourly earnings or in over-all "take home" pay, have not suffered through operation of any of the law's provisions. The Bureau of Labor Statistics reveals that average hourly earnings of all industrial workers increased in monthly progressions from $1.236 in August to $1.277 in December.

10. Many unions have made substantial gains in membership as the law has become fully operative, especially as a result of union-shop contracts entered into by majority choice of employees, and the larger measure of control over unions conferred upon members by the law's provisions. In illustration, the AFL's International Teamsters' Union has acquired approximately 100,000 new members since passage of the act.

11. Settlement of disputes, and the expeditious adjustment of differences, has been facilitated in every instance coming to the attention of the committee. The most difficult disputes in adjustment are those, in an exceptionally few cases, in which one of the parties has resisted compliance with the law and acceptance of its provisions and procedures.

12. Rights of individual workers, in job security, in seniority, in the disposal of grievances, and in relationships with employers, have in no wise suffered under the law's provisions. On the contrary, there is persuasive evidence that guaranties of the rights of employees are materially strengthened and clarified under terms of the act which prescribe boundaries of the rights of employers and unions.

13. Elimination of Communist partisans and adherents from official posts and positions of responsibility, in both national and local unions, is one of the most pronounced and significant effects of the Labor-Management Relations Act, 1947. There are still unions, in a steadily declining number, however, whose officials have not filed non-Communist affidavits in compliance with the law. A number of unions have fully met this provision with the ouster of officials who have failed to meet this statutory requirement.

14. The revision in the organization and procedures of the National Labor Relations Board made necessary by the act has operated to

promote more public confidence in that Board, and the Board members themselves express considerable satisfaction with the changes.

15. Gains to the public welfare and the national economy are to be recognized in all of the substantial advances under the law. Growing stabilization in labor relations, and in equitable adjustments of differences, cannot be measured quantitatively. Beyond question these gains are outstanding among the law's effects and benefits, and evident in terms of more unbroken employment, uninterrupted wages, rising production, and a growing volume of industrial activity.

I. Introduction

The joint committee has been frequently referred to as a "watchdog" committee to observe the effect of the law in operation. It should be made clear the committee has not sought to interfere with the independence or judgment of any agency or Department charged with its enforcement or interpretation. Rather, we have conceived our function to be one of keeping in daily contact with administrative developments in order to be in a position to call to the attention of the Congress any defects which might develop in the law itself or in its administration, requiring remedial action. While the committee has been, as is indicated throughout this report, favorably impressed with the spirit of the National Labor Relations Board and its general counsel in trying to effectuate the policy of the law, it should be emphasized at the same time that this does not constitute a blanket approval of all policies or procedures which thus far have been announced. In addition, there are many important questions of interpretation yet to be determined and no adequate appraisal of administration can be made until many of these questions and procedures are resolved

A considerable portion of the following report will be devoted to our observation of the first 6 months of operation of the Labor-Management Relations Act of 1947. The act was a comprehensive piece of legislation which has had considerable impact on every phase of labor-management relations. We believe that a report setting forth the methods and procedures by which the agencies entrusted with the administration of the act have adapted and developed their procedures under it, together with a discussion of the volume and type of cases they are being called upon to consider, should be helpful at this time.

With respect to those specific subjects the act directed the committee to study, this report must be only a progress report. Our studies to date have not been sufficient to qualify us to draw conclusions or make more than a very limited attempt at evaluation.

Program of study

At one of the first meetings of the committee several programs of investigation and study were agreed upon. Additional programs will be necessary to develop all the specific information the statute directed us to ascertain, but the following major studies which the committee has been pursuing since its creation include much about which Congress desired further information.

1. Studies of the principles, procedures, and personalities involved in employee-employer relations in a selected number of plants. The studies are designed to develop information, not only as to what

principles and procedures in collective bargaining have proven most successful, but also as to the operation of welfare funds, profit-sharing plans, annual wage, and incentive systems.

2. Study of industry-wide bargaining procedures and agreements and their effects on the national economy. Staff investigations of the history, procedures followed, types of agreement reached and their effect on labor relations in the particular industry and on the economy, followed by hearings. Attempt in first instance to study such industries, as coal, steel, glass-making, garment, maritime, meat-packing, foundries, and trucking.

3. Study of welfare funds, covering the existing funds insofar as they can be ascertained, and also the relation of such funds and the benefits provided to social-security programs.

4. Study, in cooperation with NLRB and other affected agencies, of the operation of the new law with a view to recommending any changes found to be necessary or desirable.

5. A study, in cooperation with the Bureau of Labor Statistics and Departments of Commerce and Labor, of union constitutions and internal organization and government, and of employer associations, how organized and what part they play in labor relations.

Committee policies

Realizing that labor-management relations is a highly controversial subject and one in which emotions are easily aroused, the committee early determined that certain policies must be adopted and strictly adhered to in our investigations if they are to accomplish their desired purpose. Therefore, the committee unanimously agreed that—

1. Every attempt must be made to obtain the cooperation of both labor and management in any study undertaken.

2. All investigation necessarily must be conducted on an objective and impartial basis with no preconceived notions of what the facts are before they are found.

3. Only in the most exceptional of cases should the committee inject itself into a current dispute.

Work of the committee

The day-to-day activities of the committee in gathering the information in this report have been of a varied nature. We have—

1. Consulted informally with respresentatives of industry and labor.

2. Held numerous conferences and had many informal contacts with officials of the National Labor Relations Board, the Department of Labor, the Department of Justice, the Mediation and Conciliation Service, and the Bureau of Labor Statistics.

3. Investigated numerous complaints of alleged maladministration of labor law by governmental agencies charged with its administration.

4. Acted as a clearing house of information for members of Congress and their staffs on problems raised by the new act.

5. Kept informed on the progress of all important cases being considered by the NLRB and the courts.

6. Conferred with many State officials on problems created by conflicts between State and Federal labor laws.

7. Considered and analyzed many suggestions for further labor legislation.

8. Cooperated with the Senate Committee on Labor and Public Welfare and the Education and Labor Committee of the House of

Representatives on mutual problems and to prevent duplication of effort.

9. Conferred with various public and private agencies which are conducting studies of labor-management relations.

10. Solicited information from unions, employers, Government administrators, and the public with respect to the operation of the act and its effects.

11. Had extensive staff studies covering all phases of labor-management relations made at a selected number of plants.

12. Collected and analyzed available contracts containing provisions establishing welfare funds.

13. Considered available background material and commenced field studies in industries where bargaining is conducted on an industry-wide basis.

II. The Operation of the Labor-Management Relations Act, 1947

REORGANIZATION OF THE BOARD

Panelization

Section 3 of the act increased the membership of the National Labor Relations Board from three to five members and authorized it to delegate its powers to any three of such members. Throughout 1947 the Board continued to consider cases with all five members acting in order that its two new members might better become acquainted with its work.

Starting on January 5, 1948, five panels began consideration of routine representation and complaint cases which were pending Board decision on August 22, 1947. All new types of cases and cases involving novel or complicated issues still go to the full Board for decision. Each of the Board members acts as chairman of one panel and serves on two additional panels.

On the effective date of the act, August 22, 1947, the Board had a backlog of 3;933 cases waiting for decision. There has been a steady increase in the number of cases filed under the amended law. Between August 22 and September 30 there were 621 cases filed; in October, 967 cases; in November 1,380; in December 2,069; and in January 3,008 cases. If the law is to accomplish its purposes, there must be speedy determination of controversies. With five panels giving simultaneous consideration to cases, the process should be greatly accelerated and the backlog gradually eliminated. At the end of the first month of its operation under the panel system the Board reported a substantial increase in the number of cases decided.

Legal assistants

The act abolished the unit of attorneys known as the Review Section. This Section reviewed transcripts of hearings and findings of trial examiners and submitted memoranda of the cases for the Board's consideration. After the Board had voted, the Section prepared a draft opinion. The Board members made their original selection of legal assistants from the personnel of the Review Section, which selections have since been supplemented by new personnel or by exchanges within the Board. Each member now has from 10 to 15 legal assistants, there being a total of 64 of such assistants serving the 5 members.

Under the current practice of the Board, cases are assigned to the respective chairmen of the five panels. An analysis and report is then prepared by the chairman's legal assistants and circulated to the other two members of the panel together with the trial examiner's report and recommendations in complaint matters or the hearing officer's report in representation cases and the exceptions and briefs filed by the parties. After consideration by the panel a draft decision is then prepared by the chairman's legal assistants.

The Review Section was subject to the objection that it permitted cases to be disposed of in an institutional fashion without the divergent views of the members being reflected in the decision (S. Rept. No. 105, p. 8). The committee has questioned the Board at length upon the duties of the legal assistants and satisfied itself that their use is not subject to the same objection. Board members expressed themselves as quite definitely favoring the change which the amended act had brought about. Each having a group of legal assistants selected by and responsible to him may rely upon the memoranda they prepare for him. Since each Board member always personally studies the trial examiner's report and exceptions and briefs filed by the parties, an adequate check upon the memoranda prepared by the legal assistants is provided. It should be noted that the Board member to whom the case has been assigned personally reports the case to the other members of his panel.

The Board informed the committee that it proposes to further increase the number of legal assistants assigned to each member. While the committee believes that all practical means must be employed to reduce the Board's backlog of cases, it has some reservations upon the adequacy of this means to effect a reduction. It would appear that even 15 legal assistants can review and digest more record testimony than one Board member can consider. The committee is also apprehensive that too large a staff of such assistants will result in a lessening of that close supervision by the Board member which the use of such assistants requires.

Separation of functions

In creating the office of general counsel of the Board, Congress was both attempting to remedy the often repeated complaint that the Board acted as grand jury, prosecutor, judge, and jury, and to free the Board of its administrative duties in order that it might have more time to give to its function of deciding cases. (See conference report, pp. 37, 38.) The committee wishes to commend both the Board and its general counsel for the spirit of cooperation each has exhibited in working out the details of separation. We believe it to have been the intent of Congress that the Board confine itself, generally, to the functions of a court and delegate to the general counsel its duties of administration and supervision over its regional offices. The Board's authority to delegate certain duties has already been upheld by a United States district court (*N. L. R. B.* v. *International Typographical Union*, — F. Supp. —— decided February 25, 1948). The Board has carried out that intent by delegating duties which by the strict letter of the law it might have retained to itself.

The act gives the general counsel full supervision over all attorneys in the employ of the Board with the exception of the trial examiners, who, by virtue of the Administrative Procedures Act, are supervised

by the Civil Service Commission, and legal assistants to Board members. While the Board retains the appointive power it has wisely given to the general counsel the authority to select the necessary new personnel, over which he has supervision.

Such cooperation has not been a one-sided affair. In the early days of the new law a regional office dismissed a petition for an election to determine a bargaining representative under instructions from the general counsel. The Board reversed the regional office and ordered the election to be held. The petitioning union won that election. This created the possibility that the general counsel might refuse to issue complaint upon the same ground that he had ordered the petition dismissed. The general counsel immediately announced that he would be entirely governed by the Board's decision (*Northern Virginia Broadcasters, Inc.*, 75 N. L. R. B. 2).

Review of trial examiner's reports

The act prohibits the prior practice of review of trial examiners' reports and recommendations by supervisory personnel in the Trial Examining Division. The report accompanying the Senate bill from which this section was taken stated that the need for reviewing personnel in the Trial Examining Division had thus been eliminated. The Board has continued the job titles of chief trial examiner and two assistant chief trial examiners.

The committee has examined the job descriptions of these three offices and acquainted itself with the work being performed by the present occupants of the positions. While the job descriptions carefully prohibit review by these officers of the reports of trial examiners, in other respects their duties remain pretty much the same as they were prior to passage of the act. They counsel and advise the hearing examiners in matters of proper official and professional conduct, attitudes, practices, and standards. They observe the conduct of hearings by hearing officers. Upon request, they counsel and advise the hearing examiners on problems arising in the conduct of hearings regarding motions, rulings, and procedural problems. Also upon request they counsel and advise the hearing examiners upon the broad policies of the Board and the applicability of recent decision of the Board or courts.

The committee notes with approval that the chief trial examiner and his two assistants have all served as hearing examiners in recent cases. The committee recommends that such practice be continued, believing that the best efforts of these highest-salaried examiners should be directed to the hearing of cases and recommending to the Board what its orders should be in such cases.

Board members, the general counsel, and various employees or the staff of each, have expressed to the committee considerable satisfaction in the way the separation of the Board and increase in its membership has worked out in operation. Board members, freed of the time-consuming jobs of administration and personnel, have been able to devote their time to the consideration of cases. The general counsel office has become comparable in function to that of a district attorney.

Backlog of cases

The Board has at present 264 representation cases and 151 complaint cases awaiting its disposition. Approximately one-half of the representation matters were initiated under the new act, the remainder being hold-overs from its administration of the Wagner Act. All except

three of the complaint matters involve alleged violations of the former law. The records in these undisposed of cases total 170,000 pages.

It has been pointed out above that the monthly intake of petitions and charges has reached a total of over 3,000 filed in 1 month. This includes, of course, a great volume of petitions for union shop elections which require no consideration by the Board, and those cases which do not result in formal Board action. So far the Board has been able to dispose of more cases each month than it has received during such month. It has not, however, been able to appreciably reduce its backlog. If the volume of new cases continues to increase, there is a danger that its backlog of undecided cases will increase.

Exponents of administrative law have always urged as its chief justification that it provided a means of shortcutting the delays of technical legal procedures and furnished the means whereby disputing parties might quickly have their rights determined. It has many times been truthfully said that speed is of the essence in the determination of labor controversies. Delay in case handling tends to encourage use of self-help by the litigants which may take the form of strikes.

The committee is convinced that the Board fully appreciates the problem of delay in case handling. It recommends to the Board that it explore a number of possibilities which may serve to reduce the backlog of cases. The tightening up of its rules with respect to the designation of that portion of the record relied upon in support of exceptions may limit the amount of record pages the Board has to review. The granting of more oral arguments may serve to enable the Board to decide cases without extensive recourse to the printed record. An examination of the procedures used by the various appellate courts in keeping their dockets current may discover some devices which the Board could adopt with profit. Extension of the use of panels for consideration of cases should help materially. Of course, the Board itself is the best judge of the means by which its backlog may be reduced. The committee is confident that the Board will discover that means.

There is at present no backlog of undisposed of cases in the Board's Trial Examining Division. Since only a few complaints have been issued under the amended act, the trial examiners had several months in which to prepare their intermediate reports on cases heard under the Wagner Act. There are at present 28 trial examiners on the Board's staff and only 21 cases await their intermediate reports. However, the prosecution of cases by the general counsel is just getting into high gear. The volume of cases to be heard by the Trial Examining Division will soon be greatly expanded. The committee recommends to that Division that it also consider means whereby its disposition of cases may be accelerated. The hearing in one of the first cases to be tried under the amended act was opened in October and closed in November. The trial examiner who heard the case has not as yet issued his findings of fact and recommended order. The case is of extreme importance to both unions and employers in determining their bargaining relationship. It should receive the most considerate judgment of the trial examiner who heard it. At the same time its national importance should guarantee that he give its determination precedence over all other duties occupying his time.

THE NONCOMMUNIST AFFIDAVIT

The interpretation of the non-Communist affidavit requirement of the act and the setting up of the machinery to facilitate compliance with this requirement by labor organizations were among the first important problems facing the administrators of the new law. Section 9 (h) requires officers of labor organizations which desire to avail themselves of the Board's facilities to file with the Board affidavits attesting that they are not members of the Communist Party "or affiliated with such party" and that they do not believe in and are not members of, or support any organization that "believes in or teaches the overthrow of the United States Government by force or by any illegal or unconstitutional means." The provision prohibits the Board from issuing complaints on behalf of any organization whose officers have not complied with this requirement or from making any investigation concerning the representation of employees at the request of a noncomplying organization.

Closely related to this requirement is section 9 (f) and (g) of the act which necessitates, as a condition precedent to processing Board cases, the filing by unions of registration and financial statements with the United States Department of Labor.

Despite the protests by many labor leaders and officials against the act and against the filing requirements accompanied by a threat of concerted refusal to file affidavits and registration statements, it is to be noted that no such boycott of the National Labor Relations Board and of the procedures of the act has ensued. Officers of a large majority of labor organizations have complied with the filing requirements. In many instances, unions have taken decisive action to compel reluctant officers to comply with the filing requirements. Recent newspaper accounts report action by the International Lady Garment Workers Union (AFL), the United Furniture Workers (CIO), and the United Shoe Workers (CIO), to cleanse their organizations of officers who are not willing, or are not able, to file the necessary affidavits.

The National Labor Relations Board reported that, as of February 29, 1948, 140 international and national unions had complied with the non-Communist-affidavit requirement. Including among these were 78 of the AFL's 105 internationals and 27 of the CIO's 41 national or international organizations. In addition, there were 35 unaffiliated labor organizations which had complied, including such well-established and large organizations as the International Association of Machinists. The Board's statistics show that 974 officers of AFL international organizations, 206 officers of CIO international unions, and 319 officers of independent national or international unions had filed affidavits.

With respect to local unions, the report showed that 3,192 AFL locals have complied with the affidavit requirement, as well as 421 CIO local unions and 694 locals of unaffiliated labor organizations. A total of 41,348 affidavits were filed by local union officers, of which 29,171 were by AFL officers, 3,596 by CIO officers, and 5,681 by officers of independent labor organizations. A few large labor organizations, such as the United Electrical Workers of America (CIO), the United Steelworkers of America (CIO), and the United Mine Workers of America, independent, have announced it as their policy that they would not comply with the filing requirements of the act. Some evidence of membership dissatisfaction with the policy of boycotting the processes of the National Labor Relations Board has been noted. For example, a New York local of the United Electrical Workers, Local 1237, is reported to have withdrawn and formed an independent mechanical and electrical workers' union in order that it might have the protection afforded by the new act. Also, in St. Louis, a large segment of the Retail, Wholesale and Department Store Employees Union (CIO), seceded from that union to form a new independent union and took quick steps to comply with the act. In Pittsburgh, the State liquor store employees broke away from the United Public Workers (CIO) to form an unaffiliated union. Other unions which have not yet complied are bringing themselves within the protection of the act. Recently the CIO's union of Marine and Shipbuilding Workers, with an estimated membership of more than 100,000, voted to comply with the affidavit and registration requirements.

The committee hopes that within the very near future all labor organizations in the United States will be persuaded of the benefits which the procedures under the Taft-Hartley Act hold out for them and will take the necessary steps to avail themselves of the benefits and peaceful procedures offered by the law.

At the outset, the general counsel had ruled that these affidavits must be made by officers of the parent federations, the AFL and the CIO, as well as by the officers of national or international unions and their locals, if the locals were to avail themselves of the protections of the act. The ruling aroused widespread comment and speculation because of the refusals of John L. Lewis, then an officer and vice president of the AFL, and of officers of the CIO to file the affidavits. On October 7, 1947, the Board, in its first ruling on the applicability of the affidavit and registration requirements, held that where the local union involved and the national or international labor organizations to which it is directly affiliated had complied, the local union was in full compliance whether or not the parent AFL or CIO had met the requirements.

The issue was presented to the National Labor Relations Board in the case of *Northern Virginia Broadcasters, Inc.* (75 N. L. R. B. No. 2). Local 1215 of the International Brotherhood of Electrical Workers, AFL, had filed a petition for a collective bargaining election. Both local 1215 and the International Brotherhood of Electrical Workers had filed the required affidavits and had complied with the registration requirement. Pursuant, however, to the ruling of the general counsel, the regional director dismissed the petition because the officers of the parent AFL had not filed non-Communist affidavits and a registration statement. The union appealed to the Board to reverse the action of the regional director in dismissing the petition. The Board, acting on the appeal, in a divided opinion set aside the dismissal and reinstated the union's petition.

The majority opinion noted that, under the regional director's ruling, if any single officer of the AFL failed to comply, "not a single complying local or international union within that federation can derive any benefit from its own clean hands." The decision observed that to prohibit complying locals and complying national unions from invoking the jurisdiction of the Board for the reason that officers of

the parent federation had failed to comply would detract from the fundamental purpose of this provision "to eliminate Communist influence from the labor movement of the United States." The majority also based its conclusion upon the meaning of the phrase "national or international labor organization" contained in section 9 (g) (h) of the act, stating that in ordinary labor parlance the term refers to labor organizations such as the International Brotherhood of Electrical Workers, rather than to parent federations such as the AFL or the CIO.

In a series of cases arising under the provisions of the old Wagner Act, the Board then proceeded to define the application of the provision to specific cases and facts as they presented themselves.

The *Marshall and Bruce Company case* (75 N. L. R. B. No. 13), decided October 24, 1947, involved a union charge that the employer had refused to bargain collectively in violation of section 8 (5) of the Wagner Act. The intermediate report of the trial examiner finding that the company had engaged in the unfair-labor practice alleged and recommending remedial action, including an order requiring the employer to bargain with the union, had been issued on January 29, 1947. The charging union had not at the time of the Board's decision complied with the affidavit and registration requirements. A majority of the Board held that an order to an employer to bargain (as distinguished from an order based upon other unfair labor practices of the Wagner Act) should be conditioned upon the charging union's compliance with the new affidavit and registration requirements. The majority stated that an order to bargain collectively was tantamount to a certification and that it would not effectuate the congressional policy embodied in the new statute to aid the bargaining position of a union in a pre-Taft-Hartley case which failed to comply with the new requirements.

The *Pioneer Electric Company case* (75 N. L. R. B. No. 14), also decided on October 24, 1947, emphasized the distinction, insofar as the retroactive effect of the non-Communist affidavit and registration requirements were concerned, between an order requiring an employer to bargain collectively and orders based upon other unfair-labor-practice sections of the act. The case involved charges that the employer had discriminatorily discharged an employee in violation of section 8 (3) of the old act. The trial examiner had upheld these charges and recommended that the employer cease interfering with the rights of his employees and that he reinstate, with back pay, the employee found to have been discriminatorily discharged. Here again at the time of the Board's decision, the charging union was not in compliance. The Board issued an order unconditionally requiring the employer to remedy the unfair labor practices which had been found. In the subsequent *Plankinton Packing Company case* (75 N. L. R. B. No. 32), decided November 19, 1947, the Board reiterated its ruling that it would not compel an employer to bargain collectively with a union which had not complied with the filing requirements.

In a series of cases, the Board proceeded to mark out the application of the filing requirement provisions of the act to its election procedure. In the *Kinsman Transit Co. case* (75 N. L. R. B. No. 16), decided October 27, 1947, although the Board permitted the National Maritime Union of America (CIO), a noncomplying labor organization, to intervene at the hearing on the petition for a collective-bargaining election initiated by the Seafarers' International Union

of North America (AFL), a complying union, it ruled that the noncomplying intervenor would not be permitted to have its name appear on the ballot unless it complied by November 1, with the affidavit and registration requirements.

In *Rite-Form Corset Company, Inc.* (75 N. L. R. B. No. 19), decided November 4, 1947, the petition had been filed prior to the effective date of the Taft-Hartley Act by the steel workers' union (CIO). This union had not complied with the affidavit and registration requirements of the act. In view of the union's failure to file the appropriate affidavits and information, or to take any steps to comply with the relevant requirements, the Board declined to act on the petition and dismissed the case.

The *Wilson Transit Company case* (75 N. L. R. B. No. 21), decided November 6, 1947, involved a petition for a bargaining election filed by a complying union. The National Maritime Union, CIO, an intervenor and noncomplying union, was not accorded a place on the ballot.

In the *Sigmund Cohn Mfg. Co. case* (75 N. L. R. B. No. 20), decided November 6, 1947, the Board refused to place the Wholesale and Warehouse Union, Local 65, a noncomplying organization on the ballot with an IAM petitioner, despite the fact that in this instance local 65 had, for some time, held a bargaining contract with the company.

In the *Myrtle Desk Company case* (75 N. L. R. B. No. 29), decided November 17, 1947, the Board refused to certify a noncomplying union which had won a run-off election before the Taft-Hartley law went into effect. The certification was the sole step remaining in this case to complete the investigation of representation. The Board stated that section 9 (f) (g) (h) of the act precluded from investigation any step in its determination of the question concerning representation raised by a labor organization unless the union had completed the filing requirements. The Board rejected the contention that certification is merely a ministerial action and does not require the exercise of judgment or discretion.

The *Consolidated Vultee Aircraft Corporation (National Division) case* (Dismissal order dated Nov. 19, 1947) (Case No. 10–R–2546), furnishes the most spectacular example of the rule prohibiting the certification of noncomplying unions. In this case, the Steelworkers of America (CIO) had, on August 20, 1947, 2 days before the effective date of the act, won an election against International Association of Machinists by a vote of 903 to 464. In accordance with its earlier determination that the act of certification is part of the process of investigation prohibited in the case of noncomplying unions, the Board refused to certify the steelworkers' union, despite its substantial majority evidenced in the August 20 election.

In the *Monumental Life Insurance Company case* (75 N. L. R. B. No. 93), the petitioning union, which had not filed the necessary affidavits and registration statements, was competing with a complying intervenor for status to represent the company's employees. The results of a prehearing election held on June 13, 1947, prior to the effective date of the act, were inconclusive. On January 13, 1948, the Board dismissed the petition without holding a run-off election, for the reason that the petitioner had failed to comply with the filing requirements. The decision stated, however, that the petition was

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dismissed without prejudice to the right of the complying intervenor to file a petition in its own behalf.

In the *Hardwicke-Etter Co. case* (75 N. L. R. B. No. 119), the Board dismissed a representation proceeding initiated by a noncomplying union without considering objections to a preelection hearing, despite the fact that the intervening union had won the election by a substantial majority. Also see *In the Matter of American Packing Corporation* and *United Packinghouse Workers of America, CIO* (76 N. L. R. B. No. 3).

Similarly, in the case of petitions filed by employers under section 9 (c) (1) (B), the Board has acted to prevent certification of a noncomplying union. Thus, in the *Herman Loewenstein, Inc. case* (75 N. L. R. B. No. 47), an employer filed a petition for a collective-bargaining election. The Board unanimously ruled that although the petition was filed by an employer, the question of representation was raised by a labor organization and that "although it is the employer's petition in such a case that sets the Board's machinery in motion, it is an individual or a labor organization's initial claim for recognition that makes it possible for the employer to invoke that machinery." Therefore, the Board concluded it was barred from investigating the claims of the noncomplying union, a local of the International Fur and Leather Workers Union (CIO). Since the fur workers' union had not complied with section 9 (f), (g), and (h) of the act, the Board ordered that it be excluded from the ballot. Subsequently, on December 19, 1947, at an election held in this case in which only the name of the Adirondack Leather Workers Union. an unaffiliated organization, appeared on the ballot, that union received 27 of the 28 votes cast.

The Board, however, has refused to rescind the certification of a union on the ground that it has not complied with the filing and affidavit requirements of the act. Thus, in the *J. Freezer & Sons, Inc. case* (75 N. L. R. B. No. 75), where an affiliate of the United Mine Workers Union was certified 2 days before the new law went into effect, the Board denied the employer's request for reconsideration of the certification. The Board grounded its decision upon section 103 of the act, which specifically provides that a certification issued prior to the effective date of the new law shall not be affected by the act for at least 1 year after the date of its issuance.

In the *Harris Foundry & Machine Co. case* (76 N. L. R. B. No. 14), decided February 15, 1948, the Board ordered a decertification election despite the fact that the incumbent union had not complied with the registration and filing requirements. The Board stated—

> to hold otherwise would confer upon noncomplying unions the power to immunize themselves against decertification proceedings by their very refusal to comply with the registration and filing requirements of the amended act.

The Board noted that the election would not result in a certification if the union won the election, unless it complied with the filing requirements.

Thus far, there have been no conclusive court tests of the validity of the Communist disclaimer provision. On September 8, 1947, the United States District Court, Northern District, Texas, held that the filing requirement was constitutional on the petition of the Oil Workers International Union, requesting a mandatory injunction to compel the

Board's regional director to count the ballots of a pre-Taft-Hartley election which he had impounded because of the failure of union officials to file the required affidavits. The court ruled that a labor organization was not entitled to make use of Board election procedure even in a proceeding begun prior to the effective date of the act, unless it had filed the requisite information. Although the plaintiff union filed a notice of appeal in this proceeding, it was subsequently withdrawn after the officers of this organization complied with the filing requirements (*Oil Workers International Union* v. *Elliott et al.*, —— F. Supp. ——).

At present, there is pending in the District Court of the United States for the District of Columbia a suit by the National Maritime Union challenging the constitutionality of non-Communist-disclaimer provision. The case arose out of the representation proceeding involving employees of the Wilson Transit Co., discussed above, and employees of the M. A. Hanna Co., in which the Board had refused to permit the name of the National Maritime Union to appear on the ballot because of noncompliance with the affidavit section. The National Maritime Union (CIO), a noncomplying union which sought to intervene in the election proceedings, filed a complaint seeking a declaratory judgment that section 9 (f), (g), and (h) of the amended National Labor Relations Act are unconstitutional. The case involves both the question of the constitutionality of the filing requirements and the reviewability of administrative action in connection with election proceedings. The hearing before the court was held on February 2, 1948, and the case awaits the court's decision.

The question as to the application of the affidavit requirement to officers of a local union where an international union in its own name has filed a petition has recently been raised in the *Warshawsky & Company case* (75 N. L. R. B. No. 159), decided February 10, 1948. In this case, the international union, the United Automobile Workers of America (CIO), which had complied with the filing requirements, filed a petition. The International Association of Machinists, an intervenor, requested the dismissal of the United Automobile Workers' petition on the ground that the local union involved had not complied with the filing requirements. The Board stated:

> The compliance status of a local chartered by the petitioner is not an issue in this proceeding because the petition herein was filed by the petitioner, a national labor organization.

Accordingly, the Board directed a run-off election and placed the United Automobile Workers' name on the ballot, as well as that of the International Association of Machinists.

The Textile Workers Union of America and the Hosiery Workers, both affiliated with the CIO, have instructed their locals not to do any filing with the Board and have themselves undertaken to do all business with the Board through the international organization. Under the ruling of the Warshawsky case, their locals may have cases processed by the Board without having complied with the filing and affidavit requirements. A test of the correctness of the Board rule may be made upon an employer's refusal to bargain thus raising the question when the Board seeks enforcement in the United States Circuit Court of Appeals.

Another question still undecided by Board decision involves the applicability of the affidavit requirement to union officers who have been elected or reelected at some time within the year immediately following the filing of affidavits. The office of the general counsel has ruled that reelected officers who have already filed need not refile until 1 year has elapsed since the date of their original filing. New incumbents of union offices, however, must file in order that the union may retain the right of processing cases before the Board.

Secondary boycotts and jurisdictional disputes

The committee has followed the operation of the act in the prevention of secondary boycotts and jurisdictional disputes with no small amount of satisfaction. During the hearings which preceded the enactment of the Labor-Management Relations Act, no one attempted to offer any justification for jurisdictional disputes, and the criticism most often voiced with respect to the prohibition of secondary boycotts was that some justifiable ones would be prevented. We have studied every case involving a secondary boycott in which the NLRB has taken formal action and can find no union conduct restrained which according to the legislative intent of the provisions should not have been enjoined.

A total of 132 charges alleging secondary boycotts under the act were filed between August 22, 1947, and February 1, 1948. During such period the Board filed petitions for injunctions pursuant to section 10 (l) in 9 of the 132 cases. Fifty-five of the charges were withdrawn, adjusted, or dismissed in the regional offices.

The first case in which the Board sought an injunction in a Federal district court involved a new company, Trailerships, Inc. (*Douds* v. *Int'l. Longshoremen's Ass'n. AFL et al.*, 20 L. R. R. M. 2642 (D. C. N. D., N. Y.). This company planned to carry loaded truck tractors in converted LST ships on the Hudson River. A demand by the teamsters union that any shipper using such service pay its members stand-by time for the trips threatened to prevent all operations. Then the International Longshoremen's Union called a general strike of all operations at the Albany port in order to force shippers to use the services of the Trailerships Co. Thus the shippers were faced with the alternative of giving the job to the longshoremen, while avoiding the enmity of the teamsters by paying them for doing nothing or incurring the enmity of the longshoremen by permitting the teamsters to drive the trucks to escape paying double transportation costs. On October 3, 1947, the Board was granted a temporary restraining order enjoining the longshoremen's strike. The longshoremen returned to work within 24 hours, and the Board proceeded against the teamsters under another section of the act.

In the most recent case the Board's petition was granted by the United States District Court for the Southern District of California. Local 388 of the Printing Specialties and Paper Converters Union, A. F. of L., had called a strike of the employees of Sealright Pacific, Ltd., over wage rates and holiday pay. To make such strike more effective, it, by "orders, force, threats, or promises," induced the employees of Los Angeles Seattle Motor Express Co. to cease handling and transporting the products of Sealright. Local 388 also encouraged and induced the employees of West Coast Terminals not to load a consignment of paper destined for Sealright's plant in Los Angeles.

The Board charged that the action of local 388 in inducing the employees of the Motor Express and West Coast Terminals Cos. not to handle Sealright's goods constituted a secondary boycott prohibited by the act. The court found the union's defense, that the act's provisions violated amendments 1, 5, and 13 of the Constitution, was without merit, and on February 3, 1948, granted the requested injunction pending consideration of the case on its merits by the Board (*Le Baron* v. *Printing Specialties and Paper Converters Union, Local 388, AFL, et al.*, 21 L. R. R. M. 2268, —— F. Supp. ——).

The Board applied in two other cases to the United States District Court for the Northern District of New York for injunctions against the same local of the teamsters union which had been involved in the Trailership injunction case. One sought to restrain this local from continuing its refusal to handle goods on Montgomery Ward's dock at its Utica warehouse for the reason that this company had granted a nonunion trucking line access to the dock (*Douds* v. *Int'l Bro. of Teamsters, AFL*, 21 L. R. R. M. 2154, —— F. Supp. ——). In the companion case, the Board sought to prevent the same union from conducting a secondary boycott against Conway's Express, of Pittsfield, Mass., for the purpose of forcing the employer to cease leasing equipment to another company with which the teamsters had a dispute. In a broad order, the court enjoined the union from inducing and encouraging the employees of other employers to refuse to receive or deliver materials which had been handled and transported or were to be handled and transported, by the company with which it had a dispute (*Douds* v. *Local 294, Int'l Bro. of Teamsters, AFL*, 21 L. R. R. M. 2150, — F. Supp. ——).

In another interesting case the United States district court at Kansas City granted the Board's petition for an injunction restraining the Carpenters and Joiners Union, A. F. of L., from continuing a secondary boycott (*Sperry* v. *United Bro. of Carpenters and Joiners of America, District Council of Kansas City, Missouri, and Vicinity, AFL, et al.*, 21 L. R. R. M. 2244, —— F. Supp. ——). Here the carpenters union had called a strike over a wage dispute with the Wadsworth Co., which was engaged in the manufacture of prefabricated houses. In furtherance of this strike, the carpenters union, by picketing and other means, had induced the employees of a building contractor, Klassen, who was using materials purchased from the Wadsworth Co., to walk off the job.

In the case of *Styles* v. *Local 74, United Brotherhood of Carpenters and Joiners of America, AFL, et al.* (74 F. Supp. 499), the Board received its first set-back in injunction proceedings. On October 28, the United States District Court for the Eastern District of Tennessee denied the Board's petition for an injunction against the carpenters union on the ground that the strike in furtherance of a secondary boycott by that union against Watson's Specialty Store occurred on August 21, 1 day before the effective date of the relevant provisions of the act. The court stated that the act contemplated the affirmative action in striking or failing to perform services and not to a continuation of a condition which was lawfully started prior to the enactment of the act. The Board continued its proceedings before a trial examiner, who upon additional facts not presented to the court has found a secondary boycott in violation of the act.

An injunction was also denied by the United States District Court, Southern District of New York, in the case of *Douds* v. *Metropolitan Architects* (21 L. R. R. N. 2256, —— F. Supp. ——), decided January 26, 1948. The respondent union had called a strike at Ebasco Services, Inc., when agreement was not reached upon a new contract. Ebasco Services, Inc., was engaged in the business of supplying engineering services, such as planning, designing, and drafting. For about a year Ebasco had been subcontracting a part of its work to the Project Engineering Co., and when the strike was called at Ebasco, it sent a much larger volume of work to the Project plant for completion. The union placed a picket line at the Project plant to force this company to cease accepting work from Ebasco.

In a very interesting opinion, the court found that while the facts might bring the case within the words of section 8 (b) (4) (A), it was not a secondary boycott. The court did not believe the Project Co. was that innocent third party whom the provision sought to protect, but was allied to Ebasco to such an extent that it was a real question whether the employees of Project were not in reality the employees of Ebasco, and in this instance acting as strikebreakers.

The case was subsequently presented to a Board trial examiner upon the same facts presented before the court. The trial examiner has not as yet issued his intermediate report.

The above-described cases all became news. Of more interest to the committee has been the many cases which did not get into the news. Board officials state that it is becoming a usual occurrence for an employer to file a charge of secondary boycott and request its withdrawal within a few days. In some cases, such charges have been withdrawn before Board employees had an opportunity to investigate. The mere filing of a charge and the beginning of an investigation is serving to stop the secondary boycotts.

Jurisdictional disputes.—The Board has initiated formal action in only one jurisdictional dispute since the effective date of the act. The case involved a work jurisdiction dispute between the carpenters and joiners union and the International Association of Bridge and Structural and Ornamental Iron Workers (both AFL) over the erection and installation of certain mechanical conveyors in the plant of the Ford Motor Co. under construction in New Jersey. At the opening of the hearing before the trial examiner, the parties announced that they had reached an agreement which provided for the immediate resumption of work. The hearing was adjourned subject to recall on 3 days' notice. It has not been necessary to reconvene the hearing.

As in the case of secondary boycotts, the Board has been successful in effectuating settlements in jurisdictional disputes without the necessity of formal action. For example, a dispute between the International Brotherhood of Electrical Workers and the plumbers and the pipe fitters (all AFL) over which union's members should perform the work of converting the equipment of Northern States Power Co. in St. Paul, Minn., in order that natural gas could be used had continued for almost 6 months. Attempts to settle it without success had been made by the president of the AFL, by a State-appointed arbitrator, by a State-appointed fact-finding board, and by State courts. The Board's general counsel sent attorneys to St. Paul who assisted the parties in working out a settlement in less than 1 week.

The committee believes that jurisdictional disputes can best be settled by parent bodies of the unions. The new law's provisions

have resulted in the assumption of that responsibility. Traditionally, these disputes have been most prevalent among the building trades of the A. F. of L. Ever since passage of the act, the Board has been meeting with representatives of the building trades unions and the National Association of General Contractors and its affiliated groups in an attempt to work out a plan for settlement of jurisdictional disputes.

Tentative agreement has been reached which contemplates the creation of a board of trustees made up of members from both the union and employer groups. This board will assemble every decision which has been made in jurisdictional disputes. When such a dispute occurs, either the employer or one of the unions involved may submit it to this board of trustees. If the board advises that the dispute had been determined by a prior ruling, that ruling is final. If the dispute is without precedent, it then goes to a joint board also created by the plan which is composed of two members from the employer group, two from the union, with an impartial chairman. The agreement further provides for the amendment of the constitutions of the building-trades unions to give absolute finality to the decisions of the board of trustees and the joint board.

The committee commends the National Labor Relations Board and its general counsel, the building-trades unions, and the contractors associations for their efforts toward an agreement for the settlement of jurisdictional strikes.

It is anticipated that tests will be made in the Supreme Court on the constitutionality of the new act's restrictions on secondary boycotts and jurisdictional strikes. Unions may be expected to seek such a test in a case where the only act complained of is peaceful picketing in support of a secondary boycott, contending that such conduct is an exercise of their constitutional right of free speech. Such argument has been made and rejected by a lower court in granting a temporary restraining order. The committee will continue its study of these cases in the interest of being prepared to offer remedial legislation should defects in the present provisions become apparent.

Expedition of Cases

There has always been some basis in fact for the complaint of labor organizations that the Wagner Act's remedy for a refusal by an employer to bargain in good faith was inadequate. Some employers evaded their duty to bargain with the representative of the majority of their employees by simply refusing to do so until a final court order enforced such responsibility. The process of obtaining such an order was a lengthy one, sometimes taking as long as 3 years. The procedure required investigation and preparation for trial by the Board's regional office, a hearing before a Board trial examiner, preparation of intermediate report by the trial examiner, consideration of the record and intermediate report by the Board, attempts by the regional office to obtain compliance on a voluntary basis at the various stages, preparation of the brief and record by Board attorneys for the United States circuit court of appeals, oral argument before the court, and consideration of the case by the court. It was not surprising that in many cases little was left of the union's organization by the time the order to bargain was finally obtained.

The new law imposes the duty to bargain in good faith upon both the employer and the union representative. Board orders still require

court enforcement, but an amendment (sec. 10 (j)) provides a means by which the process of enforcement may be greatly accelerated. Immediately after it issues a complaint, the Board may now petition a United States district court for temporary relief or restraining order. This right and the right of the Board to delegate such function to its general counsel has already been upheld by the court in the International Typographical Union case cited below. By this process, unfair labor practices committed by either an employer or a union may be stopped before substantial injury has been done.

The Board has attempted to secure such temporary relief in two cases. In both cases the complaint alleged a refusal to bargain in good faith. In the *International Typographical Union* case (9CB5) the Board asks that a union be enjoined, and in the *General Motors Corporation* case (7CA37), an injunction is requested against an employer. In each case the complaint was issued and petition filed within a very short time after the unfair labor practice was alleged to have occurred.

Since the General Motors case involves the general subject of welfare funds, the issues involved and the present status of the case will be discussed under that section of this report. Briefly stated, the Board alleges that the employer, although repeatedly requested by UAW–CIO, the bargaining representative of its employees, to bargain upon the general subject of social security and retirement, unilaterally adopted a new comprehensive insurance plan to become effective February 1, 1948. The Board contended that such unilateral adoption of a plan to be offered to employees represented by the union violated the company's obligation to bargain on a subject properly a matter for collective bargaining.

Just how the amendment has shortened the time formerly required to obtain court action in a matter of this kind is dramatically illustrated by the filing dates in this case. The union filed its charges with the Board on January 22, 1947; the Board issued its complaint on January 27; and the petition was filed on January 29.

The case against the International Typographical Union is also discussed elsewhere in this report. The charge supporting the complaint in this matter was filed on October 7, 1947, the complaint issued on November 21, and on January 16, 1948, the board filed a petition for a restraining order in the United States district court at Indianapolis. In brief, the Board alleges that the international union has coerced both its locals and the employers with whom it has bargaining rights to enter into contracts containing provisions which violate the act.

It should be pointed out that the cases are in no way parallel on their facts. They are cited together as showing the effect of the amendment in restraining unfair labor practices by whomsoever committed before irreparable damage is done. The committee is following developments in both cases, since they involve a test of a new provision of the act.

UNIT DETERMINATION

The three limitations created by the amended act upon the National Labor Relations Board's authority to determine the appropriate bargaining units for collective bargaining are considered under the subheadings below.

Craft severence

Since the effective date of the new act, the Board has decided a number of cases involving the rights of employees in a craft group to have separate representation by a craft union. Section 9 (b) (2) of the amended act provides that the Board shall not—

> decide that any craft unit is inappropriate * * * on the ground that a different unit has been established by a prior determination, unless a majority of the employees in the proposed craft unit vote against separate representation.

In the *Harnishfeger Corporation case* (75 N. L. R. B. No. 74), the Pattern Makers League of North America, AFL, sought a separate unit for the employees engaged in this trade. The United Steel Workers of America, CIO, had represented the plant-wide unit for approximately 9 years as the result of a Board finding of majority status (9 N. L. R. B. 676). In the present case, the Board noted that no self-determination election had been held among the pattern makers. The record showed that the pattern makers constituted a highly skilled craft group frequently recognized as such by the Board and that separate units of pattern makers are prevalent in the electrical machinery and equipment manufacturing industry here involved. Moreover, the pattern makers had for 3 years evidenced a desire for separate bargaining. The Board therefore directed an election to be held among the pattern makers to determine whether they desired to be represented by the craft union in a separate unit. Since the Steel Workers Union had failed to comply with the filing requirements, it was not accorded a place on the ballot.

In the *National Container Corporation* (*Southern Container Division*) *case* (75 N. L. R. B. No. 92) the IAM sought to represent the machine-shop employees of the company, a manufacturer of Kraft paper containers. The intervening union, the Pulp, Sulphite and Paper Millworkers, AFL, had represented the plant-wide unit since 1941. The Board noted, however, that the machine-shop employees had special skills and predominantly craft characteristics, that these employees were physically segregated, had separate supervision, and that there was no interchange between this group and other employees of the company. The machine-shop employees, moreover, had withdrawn from the intervenor union in November 1945. They had ceased paying dues to the intervenor, joined the IAM, and processed their own grievances directly with the employer. The Board noted that bargaining in other plants in the industry involved had been conducted through similar machine-shop employees. It therefore held that "the aforesaid bargaining history does not preclude an election among the machine-shop employees at this time." The Board stated that if the machine-shop employees selected the IAM to represent them, "they will be taken to have indicated their desire to constitute a separate unit," but if they selected the intervening Pulp, Sulphite and Paper Millworkers, they would continue as part of the plantwide unit.

In a number of cases decided under section 9 (b) (2) of the new act, the Board has ordered self-determination elections among such traditionally and identifiable skilled craft groups as electrical workers, lithographers, pipe fitters, printing pressmen, machinists, and pattern makers. Among the factors considered in these cases as of significance are the skill required of the employees, the general acceptance of the

trade as a well-recognized craft, the presence in the industry involved of similar craft units, separate supervision, and separate identity of the group involved from other employees in the plant. Where the record discloses a "skilled, homogeneous and functionally distinct craft group of employees," (see *Matter of Waldorf Paper Products Company* and *International Brotherhood of Electrical Workers*, 76 N. L. R. B. No. 17), Board determination of a plant-wide bargaining history based thereon has not barred a craft-unit election.

The Board, however, has refused to find a craft unit where the evidence concerning the functions and skills of the employees involved "does not establish that they are a craft group or that they possess any special community of interest." Thus where the employees in the proposed craft unit include unskilled and common labor as well as skilled personnel (see *Matter of Scovill Manufacturing Company* and *International Brotherhood of Electrical Workers, AFL*, 75 N. L. R. B. No. 153), or where the employees in such proposed unit "constitute a link in the chain of the employer's production operation" and again are relatively unskilled (see *Matter of Pacific Car and Foundry Company* and *Brotherhood of Painters, Decorators, and Paperhangers of America, AFL*, 76 N. L. R. B. No. 2), the Board has not severed the group from the plant-wide unit.

Plant guards

Section 9 (b) (3) of the amended act prevents the inclusion in the same unit with production or other employees of plant guards or individuals employed for the purpose of enforcing against employee and other persons, rules to protect the employer's property. Accordingly, the Board has excluded from a unit of production employees, watchmen whose duty it is to protect the employer's premises even where the watchmen do not check the employees in and out of the plant and are neither deputized nor uniformed (*Matter of Macungie Silk Company* and *Textile Workers Union of America, CIO*, 75 N. L. R. B. No. 88). The Board has excluded "nonmonitorial watchmen" with plant-protection duties from a production unit even where the employer and the two unions involved have agreed to include the watchmen in the unit (*Matter of C. V. Hill & Company, Inc.* and *International Union, United Automobile, Aircraft & Agricultural Implement Workers of America, CIO*, 76 N. L. R. B. No. 24).

In *Matter of City National Bank and Trust Company of Chicago* and *Protective Service Employees' Union of Chicago, Local 240* (76 N. L. R. B. No. 31), the Board dismissed a case involving a charge that the employer had refused to bargain collectively with a labor organization representing a unit of plant guards. The labor organization involved was the affiliate of an organization "which admits employees other than guards into membership." In view of the amendments to the act and the union affiliation, the Board declined to issue an order "requiring the respondents to bargain on the basis of a certification issued on July 26, 1943."

Professional employees

Section 9 (b) (1) prohibits the inclusion of professional employees in units with nonprofessional employees unless a majority of the professional employees vote for inclusion in such a unit. In section 2 (12) of the act, "professional employee" is defined in part as any employee engaged in work "predominantly intellectual and varied in character" involving "the consistent exercise of discretion and judgment in its performance."

The Board has found that a research chemist, a research engineer, a chief chemist, and a technical director of research (all nonsupervisory employees) were professional employees and not to be included in a unit of production employees unless they so voted. Since neither of the labor organizations, however, involved in the case disclosed "any showing of representation among the professional employees whose unit placement is in issue", the Board declined to conduct any separate election among them (*Matter of Sigmund Cohn Mfg. Co., Inc.*, and *International Association of Machinists*. 75 N. L. R. B. No. 20).

In the *Worthington Pump and Machinery Corporation case* (75 N. L. R. B. No. 80) the Time and Motion Study Association, an unaffiliated labor organization, admitting only time-study personnel to membership, charged that the company refused to bargain collectively with it in violation of section 8 (5) of the Wagner Act. The Board had previously certified the union as bargaining agent of these employees as the result of an election conducted on May 1, 1946, in which the union had received a majority vote. In the instant unfair-labor-practice case, the Board rejected the employer's contention that the time-study and standards employees are management representatives excluded for that reason from the beneficial application of the act. The Board found that the time-study men were both employees within the meaning of the Wagner Act under which the case arose and professional employees encompassed within the statutory definition of a "professional employee" set out in section 2 (12) of the amended act.

In the *Lumbermen's Casualty Co. case* (75 N. L. R. B. No. 129) the Board found that claim attorneys employed by an insurance company upon an annual-salary basis were professional employees within the meaning of the act. It, however, placed the attorneys in a unit separate from the insurance investigators and adjusters whom the petitioning unaffiliated union also sought to represent on the ground that "any problems which may arise with respect to the attorneys may best be solved by their representation in a separate unit."

UNFAIR LABOR PRACTICES OF EMPLOYERS

Much publicity has been given to the act's restrictions on unfair labor practices of unions. Little attention has been paid to the fact that the Wagner Act's prohibitions still apply to the employer in his relations with his employees. Employers must bargain in good faith with the union which is the choice of the majority of his employees in an appropriate unit; he may not discharge or otherwise discriminate against an employee for the purpose of discouraging or encouraging membership in a union; he may not form or dominate a union of his employees; and he is prohibited from restraining or coercing his employees in their right to freely choose their representative.

Board statistics on complaint cases filed since the passage of the act demonstrate clearly that the majority of its time will continue to be spent in preventing employer unfair labor practices. Board records

on unfair labor practice charges filed since the effective date of the act show:

	Charges filed against employers	Charges filed against unions
September	336	73
October	351	91
November	197	59
December	180	61
January	252	71
5-month total	1,316	355

COMPULSORY UNION MEMBERSHIP

The closed shop which requires preexisting union membership as a condition of obtaining employment was abolished by the act. Employers are permitted, however, to enter into agreements with a union which is the unassisted majority choice of the employees in an appropriate bargaining unit, requiring all such employees to become members 30 days after being hired if a majority of such employees have shown their intent by secret ballot to confer authority upon their representative to negotiate such an agreement. In order to safeguard the rights of employees after such a contract has been entered into, the act also provided: (1) membership in the union must be available to an employee on the same terms and conditions generally applicable to other members; and (2) expulsion from a union cannot be a ground of compulsory discharge if the worker is not delinquent in paying his initiation fee or dues.

Approximately 75 percent of the labor contracts in force at the time the act was passed contained some feature or features of compulsory membership. These restrictive provisions, therefore, were anticipated to have considerable effect on labor management relations. The committee has closely observed the application of the new law in this field.

The committee has received a considerable volume of mail from individual complainants that they have been discharged in violation of the compulsory membership restrictions. In every instance so called to our attention, investigation has disclosed that the discharge was pursuant to a contract entered into prior to the effective date of the act, and therefore legal.

Unions were slow to avail themselves of the procedure provided for obtaining a union-shop contract. However, there has been a steadily increasing number of petitions filed for union-shop authorizations. Board statistics reveal this trend. In September there were 10 such petitions filed; in October, 141; November, 600; December, 1,347; and in January, 2,119 petitions. Unions filing such petitions have been singularly successful in obtaining the authorization of the employees to bargain for a union shop. Again, Board statistics show that in the 1,661 elections held through January 31, 1948, the union was successful in 1,643 cases.

The committee believes that there is becoming apparent a trend toward general acceptance by labor organizations of their responsibility to comply with the restrictive provisions on compulsory union membership that the act provides. As more and more unions seek authorizations through the democratic procedure of an election they

are discovering that enforced members are better satisfied members when knowing that it is by virtue of majority choice. They are also discovering that the reluctance of many employers to enter into such contracts disappears after the majority of the employees have demonstrated that this is what they desire.

The committee has been especially interested in observing developments in the building trades. Traditionally in that field, where union labor is used, it has been under closed shop contracts. The mechanics of compelling union membership after 30 days' employment, and under a contract entered into only after an election conducted by the NLRB, were obviously not tailored for an individual construction job. As construction of a building proceeds, the members of various craft unions are called in to perform their particular work. In many cases the total employment of a particular craft, such as electricians or plasterers, on one building is much less than 30 days.

The general counsel, with the cooperation of the building trades department of the American Federation of Labor and various employer associations, has worked out a plan whereby all the requirements of the act may be met. In general outline the plan is as follows: A petition is filed by the building trades council in a geographical area where the council contracts with an identifiable group of employers. The Board's regional office in which the petition is filed then assembles the pay rolls of all employers involved. A card is prepared for each employee whose name appears on one or more of such pay rolls showing the number of days he has worked during the past year for one or more of such employers. The casuals and transients are then eliminated by Board determination of the number of days necessary for voting eligibility. Then those still available to vote constitute the number of employees to be affected and the bargaining unit. If a majority of them so authorize, a legal union shop may be entered into.

The committee commends the unions, the employers, and the general counsel for their cooperative efforts in working out this plan. Compliance with the law in this most difficult of fields should demonstrate to all unions the workability of the law and advance the trend to general acceptance by all.

The act's restrictions upon union security provisions of collective bargaining contracts are being tested in several cases against the International Typographical Union. This labor organization, like the pressmen's, the photoengravers', and the stereotypers' unions, has had closed-shop contracts with the bulk of the newspaper publishing and commercial printing industries. Although the other printing trades unions had their officers file the financial reports and Communist disclaimers required by sections 9 (f) (g) and (h) of the act in order to qualify for union-shop elections, the ITU has taken no steps toward compliance.

The cases against the ITU have as background the actions taken by that union at its annual convention in Cleveland, Ohio, in August 1947. The convention adopted a collective bargaining policy which, among other things, declared:

> It will be our policy to refrain from signing contracts in order that we avoid agreeing, or seeming to agree, or voluntarily accepting the conditions created by such a relationship under the Labor-Management Relations Act of 1947 * * * our members may accept employment only from employers who are willing to employ them under the "Conditions of Employment" which the several unions adopt, after approval of the executive council of the ITU. * * * A "Condi-

tions of Employment" form, which must be used by all unions and which is uniform except for local scales and practices, has been printed for the convenience and use of all subordinate unions. The form sets out the conditions under which our members offer their services * * *.

The "Conditions of Employment" referred to in the "Collective Bargaining Policy" largely incorporate the "General Laws of the International." Some of these laws appear to be in contravention of the act. The provisions relating to closed-shop conditions and preferential hiring seem repugnant to sections 8 (a) (3) and 8 (b) (2). A prohibition against handling composition from nonunion shops or destined to customers on the union's black lists appears contrary to the secondary boycott provisions of section 8 (b) (4). The provision giving the union a unilateral right to reclaim jurisdiction over all work pertaining to printing could cause a violation of the jurisdictional strike provision contained in section 8 (b) (4) (D). Moreover, the union has continued in its insistence upon resetting matrices after publication, a featherbedding practice which would seem difficult to reconcile with section 8 (b) (6).

Another change in the union's international laws adopted at the convention giving the executive council the right to expel any local or member which did not conform to the convention policy resulted in those policies being generally carried out by the locals.

The first of the several ITU cases arose out of charges filed by the Graphic Arts League on behalf of 22 member employers engaged in the book and job printing business in the Baltimore, Md., area. The complaint in substance alleged a violation of section 8 (b) (3) (refusal to bargain) growing out of the union's insistence upon not signing a contract for a reasonable term, and violation of sections 8 (b) (1) and 8 (b) (2) predicated upon the union's insistence that the employers acquiesce in the hiring of only union members including the foremen in the various composing rooms.

The hearing which opened on October 14, 1947, was not concluded until December 8, 1947. The Board trial examiner who heard the case has not as yet issued his intermediate report in the case.

At the expiration of the annual contracts of the various typographical locals with the commercial printers of New York, Detroit, Chicago, Pittsburgh, Los Angeles, St. Louis, Newark, and Philadelphia, charges were filed against both the international and the various locals on behalf of the local employer groups by the Printing Industry of America. Three complaints have issued on the basis of these charges and the complaints have been consolidated for hearing. The allegations of the complaints are substantially similar to those of the Baltimore case. A hearing opened in the consolidated case in New York on December and is scheduled to be resumed in Philadelphia on February 24.

The union has employed the same tactics in their bargaining with newspapers. Strikes were called in a number of small newspapers and in the five metropolitan dailies published in Chicago. The American Newspaper Publishers Association filed charges against the international union, alleging that it was violating section 8 (b) (1) by depriving employees of their right to be represented by their statutory bargaining representative, violating section 8 (b) (2) by causing employers to agree to what amounts to a closed shop, and violating section 8 (b) (6) by demanding that all newspapers continue to agree to the feather-bedding practices of resetting mats and other already

prepared material. The hearing upon the complaint issued in this case was commenced in Chicago on December 9, 1947, and is now in recess. When the hearing is resumed, the trial examiner will hear witnesses from the Inland Daily Press Association and the Southern Newspaper Publishers Association. Ancillary to this case is the petition for temporary injunctive relief under section 10 (j) of the act, referred to elsewhere in this report.

Upon the charge of the Chicago publishers, a separate complaint was issued against the Chicago local of the union, based upon substantially the same theory as that drawn in the Baltimore case. This case was consolidated for hearing with the national case upon the charges of the American Newspaper Publishers Association.

A final case which has been in hearing for over 5 weeks is based upon charges of violations of sections 8 (b) (1) (A), 8 (b) (1) (B), 8 (b) (2), and 8 (b) (3), filed by the Nassau Daily Review in New York.

The ITU cases have been considered in detail because they involve the first test upon so many of the act's provisions. The action of this union in insisting upon what appears to be a closed shop, now prohibited by the law, is most unfortunate. The committee recommends to the union that it follow the example of other labor organizations who likewise have had closed shops for many years, and yet availed themselves of the orderly procedures of the act to obtain union-shop contracts. The International Typographical Union has long enjoyed public confidence by its record of winning gains for its members while maintaining peaceful relations with employers. The committee is confident that its compliance with the law will not imperil any of its gains.

The committee's attention has been called to a few agreements entered into subsequent to the effective date of the act having features of compulsory membership which are of doubtful legality. We are referring to provisions wherein the employer binds himself to recruit new employees only from the graduates of certain trade schools or only among former employees of the industry. None of such contracts have as yet been considered by the Board. The issue will probably arise when an otherwise qualified worker is denied employment and files a charge with the Board. If the Board finds the act to have been violated it may order the employer to give him the job and assess back pay against the union or the employer depending upon whom it decides is responsible for the discrimination.

In several public speeches the general counsel has pointed out that the mere execution of a contract containing the forbidden provisions is an unfair labor practice. He has further emphasized that the restrictions on compulsory union membership are for the protection of individual workers and are something which neither the employer nor the union has a right to bargain away. The committee believes that such public statements on the part of the general counsel are helpful in informing all parties as to the meaning of these provisions. We have heard rumors that some bootleg contracts have been entered into in complete disregard of the act's restrictions, but since no specific case has been cited to us, we do not believe there is any widespread violation. The remedy is clear and the possibility of large back pay awards should be a sufficient deterrent in most cases. The committee will continue to keep itself informed by watching closely all cases processed by the Board under this section.

RIGHTS OF EMPLOYEES

Section 7 of the Wagner Act was amended to include the right to refrain from union activities and section 8 (b) (1) protected such right by making it an unfair labor practice for a union to restrain or coerce employees in its exercixe.

Formal action has been taken in two cases upon charges filed by employers in which a violation of this provision was alleged. In the *Perry-Norvell* case (9 CB–3) the employer had a collective-bargaining contract with an A. F. of L. union which still had some time to run. A group of employees dissatisfied with their representation by that union contacted a CIO union which conducted an organizational campaign. While this campaign was in progress, one of the employees who had sought representation by the CIO was discharged. A committee of employees called on the employer to protest the discharge. The employer refused to meet with them, declaring that he was not obligated to discuss grievances with anyone other than the contract representative. The committee reported its failure to the other employees, and then walked off the job followed by many others. The strike was supported by the CIO union.

The general counsel's theory in the case is that since the employer was forbidden by the act to bargain with the committee, a strike to compel him to do so is a violation of section 8 (b) (1). The trial examiner recommended that the case be dismissed in its entirety. The general counsel has filed exceptions and the case will now be considered by the Board.

In the *Sunset Line and Twine case* (20–CB–1) the employer had had successive contracts with the longshoremen's union for a number of years. The parties were unable to agree upon a new contract, and a strike was called on August 25, 1947. The general counsel's complaint alleged the union to have engaged in mass picketing, intimidating and threatening bodily harm to the employees, blocking entrances to the plant, and violence and assault upon employees who sought to continue at work. The trial examiner who heard the case has issued his report, in which he finds none of the allegations of the complaint to have been proven, and recommended that the case be dismissed in its entirety. The general counsel has filed exceptions, and the case awaits Board determination.

Since both of these cases involve interpretation of one of the new provisions of the act, the committee will closely follow their consideration by the Board.

SUPERVISORY EMPLOYEES

By redefining the term "employee" to exclude any individual employed as a supervisor, and defining the term "supervisor" to include only employees who actually supervise work of other employees, the act withdrew the Government's encouragement of organizations of supervisory personnel. This was a highly controversial provision and the prediction was frequently made that it would encourage strife. The committee has closely followed court and Board tests of the provision and its practical effects to date.

On the effective date of the act, there was pending before the Board a considerable volume of cases requesting certification of unions as bargaining representatives for a unit of supervisory employees and cases involving only the refusal of employers to bargain with unions for their supervisory personnel. Such cases were all dismissed pursuant to the policy announced in the Westinghouse case decided September 29, 1947.

The courts have passed upon the effect of the exclusion of supervisors from the protection of the act in cases decided by the Board prior to its passage. In *Young Spring & Wire Corp.* v. *National Labor Relations Board* (163 Fed. 2d 905 (App. D. C.)), the United States Circuit Court of Appeals for the District of Columbia denied enforcement of a Board order directing an employer to bargain with a union of supervisors. The Foremens Association of America has now asked the Supreme Court to review this case, asserting that the act's disposition of supervisory employees violates the first and fifth amendments to the Constitution. In *Eastern Gas & Fuel Associates* v. *National Labor Relations Board* (162 Fed. (2d) 864 (C. C. A. 6), the United States Circuit Court of Appeals for the Eighth Circuit granted an employer's petition to modify an order it had previously issued requiring reinstatement and back pay for a foreman so as to make it "limited in its terms to the period ending August 22, 1947." In *National Labor Relations Board* v. *Vail Mfg. Co.* (158 Fed. (2d) 664 (C. C. A. 7)), the United States Supreme Court (91 L. E. 1216) denied a petition for rehearing filed by the company. In this case, the Seventh Circuit had previously upheld a Board order requiring the reinstatement with back pay of two foremen who had been discriminatorily discharged. The Board had opposed the company's position for rehearing on the ground that the provision of the new act excluding foremen from its protection did not apply where, as here, the foremen had been discharged in order to discourage union membership and activity among rank and file employees.

Only one strike of supervisory employees since passage of the act has been called to the committee's attention. In January 1948 the foremen of the Hudson Motor Car Co. in Detroit participated in a 9-day stoppage which was settled when the employer agreed to a bargaining arrangement which did not include recognition of the Foremen's Association of America to which union the foremen belonged.

A strike of supervisory personnel at the Ford Motor Co. in Detroit was in progress at the time the act was passed. This strike had been called when the company refused to renew its contract with, or continue to recognize, the Foremen's Association of America as the bargaining representative of its foremen. The men returned to work a few days after passage of the act having failed to obtain further recognition of the union by the company. Just recently the Ford Motor Co. announced a new plan covering responsibility and compensation of its foremen. The plan classifies foremen into six occupational groups and provides for promotion from one classification to another. Each foreman is made responsible for the quality of all materials produced in his department. The plan also provides for periodic salary surveys in the Detroit area to insure that Ford foremen are paid salaries equal to, or better than, the going rate in that area.

The committee has observed a growing trend of employer attempts to make their foremen a part of management. In many of the plants visited we found new programs designed to give more responsibilities to the lower ranks of supervision and to acquaint them not only with

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the policies of management but the reasons therefor. Not only has the exclusion of supervisory employees from the benefits of the act failed to produce the work stoppages predicted by opponents of the provision, but it has served to promote the establishment by employers of plans creating many new benefits for supervisory employees.

RELATIONSHIP TO STATE LAWS

State labor relations boards

The proviso to section 10 (a) of the act authorizes the National Labor Relations Board to cede to State agencies, jurisdiction over cases in any industry other than mining, manufacturing, communications, and transportation except where predominately local in character. The right to cede such jurisdiction is limited, however, by the requirement that the applicable provision of the State statute must not be inconsistent or have received a construction inconsistent with the corresponding provision of the act.

Even without such statutory authorization the Board under the Wagner Act had an agreement or understanding with the New York State board which in effect ceded jurisdiction over certain types of cases. It was while that agreement was in effect that that State board certified a unit of foremen in a steel-producing company and ordered the company to bargain with the union of foremen at a time when the National Board was holding that supervisory employees were not entitled to the protection of the Wagner Act. The United States Supreme Court held the State board's action invalid since it applied to a company whose operations affected interstate commerce, a rule inconsistent with the national policy as determined by the National Board (*Bethlehem Steel* v. *N. Y. State Labor Relations Board*, 330 U. S. 767).

The National Labor Relations Board has not reached agreement with any State agency since passage of the act. Extensive conferences have been held with officials of New York, Massachusetts, Pennsylvania, and Wisconsin looking toward the type of agreement permissible under section 10 (a). Generally speaking, the statutes in these States were modeled after the Wagner Act. Corresponding sections of their statutes and the Labor-Management Relations Act of 1947 have about the same degree of inconsistency as is found between the latter act and the Wagner Act. Some State statutes for example have not defined union unfair labor practices, nor have they limited the right to enter into compulsory union membership contracts. It therefore appears that ceding of jurisdiction in unfair labor practice cases will not be possible unless and until a State enacts a statute modeled after the act.

While there are also problems of inconsistency with respect to representation matters, they do not appear to be as insurmountable as those in complaint cases. No State laws presently contain the limitations of compliance by filing financial and other information and the making of anti-Communist affidavits, but the agreement might provide that a State agency would not process a case in an industry over which jurisdiction had been ceded unless the union had met those requirements.

Agreement may be reached to cede permissible representation matters to State agencies where the State statute grants sufficient discretionary rule making power to the agency to permit it to adopt rules not inconsistent with provisions made mandatory on the National Board. Examples of such mandatory provisions of the act not found in the State statutes are the provision for union decertification, the provision for run-off elections, the one-election-per-year rule, the provision requiring equal treatment of independent unions, the noneligibility of employees who strike during a 60-day "cooling off" period, and the provision respecting craft severance.

The Board's experience in attempting to work out agreements with the State agencies has demonstrated that it will only be possible with a State which enacts a statute following the Federal pattern. The act requires a uniform national policy with respect to all industries whose operations substantially affect interstate commerce.

The Board is now receiving a tremendous volume of cases. The desirability of permitting it to reduce this load of cases by ceding jurisdiction over borderline industry, businesses primarily local in nature whose operations only indirectly affect interstate commerce, appears obvious. However, if it can only be done by an amendment to the act which would permit inconsistent regulations and as many different policies as there are States having labor relations acts, the desirability appears questionable.

The committee's information on the problem has been gained solely from its discussion with members of the National Labor Relations Board. We propose to explore the matter further with the various State agencies before making any recommendations.

State laws concerning compulsory union membership

Section 14 (b) of the act has created a problem of administration for the Board. It provides:

> Nothing in this Act shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any State or Territory in which such execution or application is prohibited by State or Territorial law.

Many States now have statutes forbidding or limiting the execution and enforcement of compulsory membership contracts. For example, Texas has prohibited union-security contracts in any form, and Wisconsin permits union-shop contracts only after they have been authorized by a vote of at least two-thirds of the employees voting, such two-thirds to constitute at least a majority of all the employees in the collective-bargaining unit.

Should the Board process a petition filed under section 9 (e) for authorization to enter into a union shop in Texas? The answer depends upon which of two views of the meaning of section 14 (b) is accepted. One view is that the section leaves unaffected the power of the Board to conduct union-shop elections under section 9 (e) and to determine, in accordance with section 8 (a) (3), the validity of a defense to a discharge pursuant to a compulsory membership agreement. This view leaves entirely to the States the enforcement of their own restrictive statutes. Under this view the Board would process the Texas petition, hold an election and certify the results thereof, even though a contract entered into pursuant to such certification would be illegal under the State law. Continuing under this interpretation of the section, if a Texas employee is discharged pursuant to a union shop contract, illegal in Texas, but entered into after

meeting all the requirements of the Federal act, the Board would refuse to process his case for reinstatement and back pay. Carrying out the view to its logical conclusion, if the employer, following the Board's certification that the majority of his employees have authorized a union shop, refuses to bargain with the union upon a union-shop provision, the Board would order him to do so even though any agreement reached containing compulsory union-membership features would be a violation of Texas law. To follow out this view would therefore result not only in a wasteful use of public funds but also put the Board in the position of encouraging parties to violate State laws.

Another view is that section 14 (b) requires the Board to give full faith and credit to any State law restricting or prohibiting union security contracts. Under this interpretation, in the Texas example, the Board would refuse to process the section 9 (c) petition. It would, however, process such a petition in Wisconsin and if the union received the two-thirds vote required by the law of that State, the necessity of a State-conducted vote might be obviated.

A case is now being considered by the Board where a union has petitioned it for an election for union-shop authorization in a unit covering six States. Two of the States included in such unit bar all forms of compulsory union membership contracts. If the Board follows the first view set forth above, it will hold the election in all six States. Under the alternative view, it would hold the election only in the four States which permit union-shop contracts.

The committee will follow closely the Board's decisions in these cases wherein its interpretation of section 14 (b) is involved. If the Board finds that legal construction requires acceptance of the view that takes no consideration of the State laws on compulsory union membership contracts, the committee may deem it advisable to recommend corrective amendments to the act.

GENERAL OBSERVATIONS

Favorable strike picture

The Bureau of Labor Statistics has supplied the following month-to-month information on the number of strikes occurring during 1947:

	Number of strikes	Man-days idle		Number of strikes	Man-days idle
1947—January	320	1,400,000	1947—July	300	4,000,000
February	300	1,300,000	August	335	2,500,000
March	370	1,200,000	September	200	2,000,000
April	480	8,600,000	October	175	1,900,000
May	470	6,800,000	November	150	700,000
June	380	4,000,000	December	120	500,000

Each month since passage of the act has seen a decrease both in the number of strikes and in man-days lost through strikes. No breakdown is available to show the issues in such strikes and without it any assessment of the value of the act in preventing strikes can be only speculative. We have pointed out the act's effectiveness in the prevention of jurisdictional strikes, strikes in support of secondary boycotts, and wildcat strikes. Whether or not the 60-day notice requirements and general balancing of the rights of employers and employees provided in the act have also played a part in reducing the number of strikes cannot be proven. The committee will be very much interested in watching the strike picture through the spring, for it is then that most of the labor-management contracts in large, basic industries come up for renegotiation.

Union gains

The Bureau of Labor Statistics has supplied the following figures showing the average hourly earnings of industrial employees during the months of 1947 following passage of the act:

1947—January	$1.161	1947—July	$1.230
February	1.170	August	1.236
March	1.180	September	1.249
April	1.186	October	1.258
May	1.207	November	1.269
June	1.226	December	1.279

While the above table shows that wages have steadily advanced, the average worker has gained much more by virtue of the fact that he has participated in fewer strikes.

No over-all statistics are available showing union membership, but many individual unions are reporting substantial increases in membership. For example, the teamsters union, according to a statement of its president, published in its official organ, has acquired approximately 100,000 new members since the passage of the act.

Administration of the act

The committee anticipated that the advertising it received as the "watchdog of the enforcement of the act" would result in its receiving a great many complaints with respect to its administration by the various agencies charged with its enforcement. The committee is happy to report that such has not been the case. The complaints which we have received have been mainly of delay in the handling of cases. The unprecedented volume of petitions and charges being filed with the NLRB (in January approximately 3,000 new cases were initiated) is a pretty good explanation for some delay. On the whole, however, the committee believes both the announced policies, and the actions taken, demonstrate that the act is being well administered.

Attitude of employers

Statistics cited elsewhere in this report demonstrate that there has been neither a wholesale filing of lawsuits by employers against unions in the courts, nor a great volume of charges filed by them with the NLRB alleging union unfair labor practices. Another interesting characteristic of employer-filed cases is pointed out by NLRB officials. Employers are requesting withdrawal of their charges the moment the union's action about which they are complaining is stopped. The Board can, and frequently does seek enforcement of its orders in the courts, although the case has become moot, upon the theory that such court orders would prevent repetition of the unfair labor practice. The committee believes that the Board's policy permitting withdrawal of such charges is good. What is essentially sought is industiral peace, and unless a union's repeated actions clearly demonstrate that court sanctions are necessary, a formal action taken after the unfair labor practice has been discontinued may rekindle the fire.

Collective bargaining

The statement has been frequently made that the act has brought about more "real" bargaining and less bargaining on a take-it-or-leave-

it basis. While the committee has not been a spectator in any bargaining conferences, it has noted in the contracts examined a greater assumption of responsibilities on the part of unions. Reports to us from all over the county stress the fact that unions are coming to the bargaining table with a more reasonable attitude and a sincere desire to reach agreement.

Unaffiliated unions

The National Labor Relations Board has not as yet rendered any decisions requiring application of the amendments to sections 9 and 10 of the act which require it to treat unaffiliated unions in the same manner in which it treats unions which are affiliated with labor organizations national or international in scope. The committee is informed that the Board has under consideration several cases in which a trial examiner has found unaffiliated unions to have been employer assisted or dominated and recommended complete disestablishment of them. The Board's disposition of these cases will be important precedent when it must pass upon cases wherein there has been employer assistance or domination of affiliated unions.

Need for amendments

The committee well appreciates that one of its most important duties is that of exploring the need for amendment of laws relating to labor-management relations. Each and every member of the committee understands that the constantly changing nature of the relationship between labor and management may render inadequate and unworkable tomorrow the law that is satisfactorily solving the problems that arise today.

With these two facts always in mind the committee has endeavored to keep itself informed upon the operation of the new act. In every industrial plant that the staff has visited and in every conference with representatives of unions and industry, inquiry has been made as to the effect of the act's various provisions. No information has been received from such sources indicating a need for amendment at this time.

Criticism of the act has continued to fill union periodicals. We have examined such criticism and found it to be of a general nature with no constructive criticism of any specific provision. Early in December 1947 we issued a public statement inviting unions, employers, employees, and the public to bring to our attention any case of an inequity created by the new law. We promised a complete investigation followed by recommended amendments should such an inequity be established. Our statement received wide publicity in the press, was printed in the Congressional Record, and was extensively circulated. There was no response to our invitation.

At each of its meetings with members of the National Labor Relations Board, the committee has solicited their opinions as to the need for corrective legislation. In the meeting held in March 1948, as well as in former meetings, the Board members have stated that to date no situation has arisen which, in their opinion, establishes the necessity for amendments.

We have attempted to describe briefly the situations to which various provisions of the new law have been applied. In each instance the law has adequately provided a remedy for the abuse which Congress sought to correct.

As we have indicated at various places in this report, the committee is watching the application of certain provisions of the act with extreme interest, believing that the need for clarification may develop. Because we realize so well our responsibility in this connection, the committee will immediately make a recommendation to the Congress should it deem an amendment necessary without waiting until our final report is due in January 1949.

SETTLEMENT OF LABOR DISPUTES

Title II of the act created a Federal Mediation and Conciliation Service with a single Director appointed by the President with the advice and consent of the Senate. The committee deems the country to have been very fortunate in securing the services of Cyrus Ching to head the new agency. His many years of experience in the day-to-day conduct of labor-management relations admirably qualify him for the job. Perhaps his greatest asset is the fact that he enjoys the confidence of both labor and management.

One of the new Director's first actions was the abolition of the Program Division of the old Conciliation Service. This Division's main function had been one of conducting refresher conferences in Washington for conciliators called in from the field. Mr. Ching adopted a policy of delegating more and more responsibility to his regional directors in the field. Subject to an over-all national policy, the regional directors have complete discretion as to whether they will take jurisdiction over a particular dispute. The national policy, as declared by Mr. Ching, is one of confining the activities of the Service to those disputes which affect the public interest or substantially affect interstate commerce. However, this does not mean that intervention will be confined to large companies or basic industries, since a relatively small company some times occupies a key position in the Nation's economy.

One important decision in policy had to be made soon after Mr. Ching assumed his duties as Director of the Service. The act's requirement that only unions which had complied with the non-Communist affidavit and registration provisions might invoke the services of the NLRB resulted in noncomplying unions requesting the Service to intervene in their disputes with employers. The Service promptly declined to conciliate any representation question acting on the concept that determination of bargaining representatives had been given exclusively to the NLRB. All regional directors were instructed that in no event were they to conduct elections to determine majority choice of bargaining representative.

This issue was presented again in Washington when Government Services, Inc., a private corporation providing cafeteria services in Government buildings, refused to negotiate a new contract with the United Public Workers until they were certified by the NLRB. The Public Workers was a noncomplying union and could not obtain the services of the Board. A strike was called and the union requested the Service to intervene. The Service declined. Director Ching laid down the policy that the Service would not intervene where the dispute involved an issue which could be determined by the National Labor Relations Board upon the filing of either a petition or a charge. An exception to the rule was recognized in the event of a national

emergency strike as defined by the act in which the Service is required to intervene. The committee commends the Service in refusing to lend itself to bypassing of other provisions of the act.

The act emphasizes an equally important function of mediation and conciliation, which is prevention of disputes that without such preventive effort would be apt to arise. This also has been made a major program of the new Service. Conciliators are being schooled in measures they may take to help eliminate a condition which may develop into a dispute. For example, a conciliator who assists in the settlement of a dispute may recognize factors which, in his opinion, can lead to later disagreements. Under the preventative program, he has a duty to contact the parties again after the strike has been settled and to suggest remedies which have worked satisfactorily for other parties with similar problems.

No small credit should be given to the Service for its efforts in bringing about a settlement of two threatened strikes which would have assumed national importance. Mr. Ching personally intervened in the dispute at the atomic energy plant of the Carbon & Carbide Co. and again when a strike was imminent in the Nation-wide operations of Western Union Telegraph Co. In both instances the disputes were settled without a work stoppage.

The most repeated criticism of the old Conciliation Service by employer groups was that being an arm of the Department of Labor which is required to foster the interests of labor, impartial treatment could not be expected. The committee has heard no complaints of bias since Mr. Ching took charge of the direction of the Service. While this may be in part due to the character of the Director, the stature of the Service as an independent agency enhances to its status as an impartial mediator.

REGISTRATION OF LABOR ORGANIZATIONS

As a condition precedent to its use of the services of the National Labor Relations Board, a labor organization and its parent international must file the financial and other information concerning the conduct of its affairs required by section 9 (f) of the act. The Secretary of Labor, with whom such information is required to be filed, has established a new office within the Department of Labor known as the Office for the Registration of Labor Organizations.

To facilitate the required filings, the new office has prepared a form which is mailed to unions upon their request. Proper completion of the form furnishes all the information required by the act. While the form does not appear to be difficult to complete, many of the earlier ones that were sent in had to be returned to the unions for further information.

As of February 1, 1948, a total of 10,796 labor organizations had filed the required statements. At present, the Department of Labor has no break-down indicating how many statements were filed by A. F. of L., CIO, or independent labor organizations. The Secretary of Labor has ruled that the information contained on the forms may be inspected by the Senate Committee on Labor and Public Welfare, the Education and Labor Committee of the House of Representatives and by this committee.

As a part of its duty to study the internal organization and administration of labor organizations, the committee has made a preliminary

examination of the material that has been filed to date. A few general observations may be of interest at this time. The net worth of the parent international labor organizations who have filed to date ranges from a high of $14,500,000 to a low of $14,500. Initiation fees vary from $1 to $100. Monthly dues run as high as $5 and as low as $1, but the great majority of union members pay about $1.50 per month. The average international president is paid a salary of $10,000 per year, including expenses. A few received in excess of $25,000 per year, and atleast one is paid no salary receiving only an expense allowance. Until more local unions have filed financial information, the data on initiation fees and periodic dues is of little value. Constitutions of the international unions give their constituent locals wide discretion in fixing such fees.

COMPILATION OF COLLECTIVE BARGAINING AGREEMENTS

Section 211 of the act directed the Bureau of Labor Statistics to maintain a file of all available collective bargaining agreements and, upon request, to furnish information therefrom which might aid in the settlement of labor disputes. While this Bureau had maintained a file of such agreements, no special effort had been made to keep it up to date with current contracts. In order to carry out the intent of the new law, the Bureau has designated an employee in each of its five regional offices to contact employers and unions and obtain copies of their contracts. Requests for copies of new contracts are also sent to unions and employers who notify the Mediation and Conciliation Service of the existence of a dispute, as they are required to do 30 days before they terminate a contract. These, and other efforts, to obtain such agreements have resulted in a file of 14,500 contracts.

In order to make the information more readily available to interested parties, some 200 major agreements have been microfilmed and made available in the regional offices.

The Bureau reports an increasing demand for contract information. A typical request is one asking for samples of seniority clauses prevailing in the industry in which the party is interested. About two-thirds of the requests to date have been made by employers. To supply such information the contracts have been analyzed and indexed to a point where the Bureau can immediately supply a representative sampling of any type of clause requested.

The Bureau has also issued periodic bulletins containing examples of various types of agreements and provisions therefrom.

SUITS UNDER THE NEW ACT BY PRIVATE PARTIES

Section 301 of the new law gives district courts of the United States jurisdiction over suits for violation of contracts between an employer and a labor organization. The act also provides that labor organizations may sue and be sued in the courts of the United States and subjects them to suit for engaging in illegal secondary boycotts, jurisdictional strikes, or strikes in a plant where another labor organization has been certified by the National Labor Relations Board as bargaining representative. The committee has noted the existence of a belief among some union members that this section of the law authorizes suits against, and the collection of damages from them personally.

Nothing could be further from the truth. The statute itself categorically states that—

> any money judgment against a labor organization in a district court of the United States shall be enforceable only against a labor organization as an entity and against its assets, and shall not be enforceable against any individual member or his assets.

Immediately after the passage of the act on June 22, 1947, there was strong union insistence on clauses exempting them from suit liability in contract negotiations. A strike was called at the Murray Body Corp., in Detroit, by the United Automobile Workers, CIO, when that company refused to agree to such a clause in a new contract. The agreement which settled that strike relieved the union from responsibility for stoppages over which it had no control, but in exchange for such exemption, the union agreed to assume certain responsibilities in the event of "wildcat" strikes.

The committee has noted similar provisions in many of the contracts which it has examined. Clauses wherein the union agrees, in the event of an unauthorized strike, to direct the strikers to return to work, to withhold all support to the strikers, to ignore the picket line, and to authorize the employer to discipline the strikers in any way it chooses, are becoming quite common. Many contracts provide that when the union shall have taken such actions, it shall be exempt from suit liability under the no-strike clause of the contract.

Since the effective date of the act some scattered damage suits have been brought under these provisions of the law. A total of 26 suits filed under these sections have come to the attention of the committee. Ten of these suits allege conduct in breach of contract; six allege illegal secondary boycotts, three allege jurisdictional disputes; two allege violence on the picket line; and in five cases no information concerning the theory of the complaint has been furnished. Employers were plaintiffs in 21 suits; unions, in 3 suits; and individuals, in 2 suits. Thus far, a total of 8 of these cases have been dismissed pursuant to settlement agreements between the parties involved.

Thus far, there has been formal court action in only two suits under these sections of the Law. On November 21, 1947, the Federal district court, Baltimore, Md., without rendering an opinion, dismissed the suit entitled *"Harry W. Wilhelm* v. *Union of Marine and Shipbuilding Workers, CIO."* The case had been based upon alleged violence by union members on a picket line during a strike. On January 15, 1948, the same court upheld the constitutionality of the damage suit provisions of the act in the case of *Colonial Hardwood Flooring Company, Inc.* v. *International Union, United Furniture Workers of America, et al.* The suit alleged a strike in breach of contract and an illegal secondary boycott. The union filed a motion to dismiss the proceeding. In a memorandum opinion, the court overruled the motion to dismiss. The court rejected the argument that it lacked jurisdiction in the absence of diversity of citizenship, and stated that since section 301 of the act expressly authorized suits of the kind here involved, that this was a "suit arising under a law of the United States," coming within the jurisdiction of Federal courts as defined by the Constitution. The opinion also rejected the argument that the plaintiff "should have resorted under the contract to arbitration instead of to a suit." The court observed in this connection that "the proper construction of the contract shows very clearly that the purpose of the arbitration provision was to prevent a strike * * * and not to arbitrate a strike after it occurred * * *."

Finally, the court dismissed the argument that sections 301 and 303 of the act, because of "alleged retrospective operation on contracts existing prior to the passage of the act," were violative of the due process clause of the Constitution.

A review of this pending litigation convincingly establishes that unions have not been subjected to the predicted multiplicity of suits with resultant drains on their treasuries. The legislative history of this section points out a desire that labor organizations assume more responsibility for their conduct, and take action to prevent unauthorized or "wildcat" strikes. That the provision has had that desired effect is dramatically illustrated by reference to statistics of the Ford Motor Car Co. From January 1 to August 22, 1937, there were 33,495 man-days lost in "wildcat" stoppages. During the remainder of the year, only 304 man-days were lost.

RESTRICTIONS ON POLITICAL EXPENDITURES

The first court test of the Federal Corrupt Practices Act as amended by the Labor-Management Relations Act is now being made. The case arose out of the July 14, 1947, issue of the CIO News, a weekly publication of the CIO. The entire first page of that issue was devoted to an editorial signed by Philip Murray, the union's president. The editorial urged all CIO members residing in the Third Congressional District for the State of Maryland to vote for Edward A. Garmatz, a candidate for the House of Representatives in an election to be held on July 15, 1947. The indictment charges that an extra thousand copies of this issue were sent to the CIO regional director in Baltimore, Md., for distribution, and that it constituted an expenditure on the part of a labor organization in connection with a Federal election. The union has stated that it intends to test the constitutionality of the provision in the United States Supreme Court. A copy of the indictment against the CIO and Philip Murray, its president, is included in the appendix of the report.

On February 20, 1948, the Attorney General invited the committee to participate as amicus curiae in the argument on the union's motion to dismiss the indictment. A copy of his letter and the committee's reply setting forth our reasons for declining to so participate are also included in the appendix.

The committee has been closely following the case because it should answer some of the questions raised during the Senate debate on this section. If the allegations of fact are correct, the case squarely presents the application of the law to a newspaper supported out of general union funds when it goes beyond its usual course of business in support of a candidate for Federal political office. The committee has given some thought to the advisability of recommending an amendment to this section which would define and except particular activities of regularly circulated newspapers and periodicals from its application. However, until there has been court determination on the effect of the present law, the committee will not know what, if anything, may be necessary.

It should be noted that there is pending before the Senate Committee on Rules and Administration, a bill from which the amend-

ments made to the Corrupt Practices Act by the Labor-Management Relations Act of 1947 were taken. We are informed that such committee is now considering the Corrupt Practices Act in its entirety with the view to possible amendment and, for that additional reason, this committee is withholding any recommendation on this section.

While the Federal Corrupt Practices Act has been a controversial law through its several amendments, its provisions have been almost without test in the courts. A 1907 law prohibited corporations from making money contributions in connection with any election to Federal political office. The 1925 act eliminated the word "money" and thus presumably illegalized any type of contributions by corporations. In the Smith-Connally Act (1943) the law was amended to also prohibit contributions by labor organizations. The only court to rule on its constitutionality has been a United States district court (*U. S.* v. *Brewers Assn. (239 F., 163)*).

The committee has had several informal conferences with officials of the Civil Rights Section of the Department of Justice, to whom has been assigned the enforcement of this section of the act. They have investigated numerous cases in which there was alleged to have been violations. In most instances, a preliminary check disclosed that there had been either no "expenditure," or that if an expenditure had been made, it was not "in connection with" a political campaign. Department of Justice attorneys interpret the provision as requiring the expenditure either for or against an individual who may or may not later be a candidate is no violation.

The committee will continue to study the effect of these prohibitions against political activity with a view to making recommendations for amendment if experience demonstrates that they prohibit political activity which may be desirable.

III. Welfare Funds

Employer contributions to union welfare funds have become a major issue in collective bargaining. Negotiations have been started between the United Steelworkers of America, CIO, and employers in the steel industry for an employer-financed pension plan for workers in basic steel. The United Automobile Workers of America, in their last contract negotiations with General Motors Co. and since then, have informed that company of their desire to incorporate health and welfare programs into future contracts. The UAW has also filed charges with the NLRB alleging that General Motors' modification of its 20-year-old insurance plan without bargaining on the changes constitutes a violation of the company's duty to bargain with the union in good faith. The General Counsel of the NLRB has issued a complaint on this charge and has obtained an order in the Federal District Court for the Southern District of New York restraining the company from putting the plan into effect until the NLRB has passed upon the case on its merits.

The United Mine Workers' Welfare and Retirement Fund, established pursuant to the July 8, 1947, agreement between the coal operators and that union, is potentially the largest of all the funds presently in existence. The contract provides payment into the fund by the coal operators of 10 cents on every ton of coal mined. It is estimated that approximately $58,000,000 will be paid into the fund in the fiscal

year of 1948. In setting up this fund, the union selected its president, John L. Lewis, as its trustee. The operators selected Ezra Van Horn. These two members designated Thomas E. Murray as the neutral member of the board of trustees who has since resigned.

No prosecutions have been instituted by the Department of Justice for violations arising under section 302 of the law. Arbitrators have made awards in at least two instances which required interpretations of sections 302 (f) and (g). In the New York case involving Harjer Furniture Co., Ltd., and local 76–B of the United Furniture Workers of America CIO, the arbitrator ruled in effect that the act provides a perpetual exemption from the requirement of equal representation in the administration of the trust to those funds established prior to January 1, 1946. The award held that an employer who undertook by contract on August 21, 1947, to contribute to a fund established on May 28, 1944, by a collective-bargaining agreement to which he was not a party, is not because of absence of equal representation in the administration of the fund, relieved from making contributions to it. A similar award was handed down by another arbitrator in a case involving the Association of Uptown Converters, representing 87 textile concerns in New York City.

In one instance, employees have demonstrated their preference for a present wage increase over a pension plan providing substantial later benefits to them. In the fall of 1947, employees of the Ford Motor Co. in Detroit, were given an opportunity to vote on the alternative offer of the company for an immediate 11½ cent per hour wage increase plus six paid holidays, or a $200,000,000 pension porgram plus an immediate 7-cent per hour increase. The employees chose the larger immediate increase by a vote of approximately 3 to 1.

A major issue in the welfare fund field is now being considered by the NLRB. In the Inland Steel case (13–C–2836) the trial examiner recommended that the Board find the employer guilty of refusal to bargain in good faith when he refused to bargain on the subject of the company's contribution to a union welfare fund. In this case, as in the General Motors case mentioned above, and in the W. W. Cross & Co. case (1–C–2676), the NLRB must determine whether the law requires an employer to bargain on various phases of the general subject of welfare funds.

Labor's interest in welfare activities dates back to the early days of trade unionism when workers organized mutual aid associations. However, the growth of modern unionism was accompanied by a decline of interest in welfare matters and, as a result, when labor undertook, during the last decade, to organize mass-producing industries, it found many employer-sponsored welfare programs in operation.

The growth of union welfare funds received its greatest stimulus during World War II when employer contributions to welfare plans were substituted for wage increases following a ruling of the National Wage Stabilization Board that benefits under such plans did not constitute wages. No official figures exist on the total number of workers now covered. However, the Bureau of Labor Statistics estimated that there were 600,000 in 1945 and 1,250,000 in the early part of 1947. From available information, it may be estimated that a minimum of 1,679,000 workers are presently covered. Twenty-eight national and international unions are known to have obtained welfare funds through collective-bargaining agreements.

Classification of the funds is difficult because of the numerous types in existence. Failure to attain uniformity is attributable in part to the necessity for indivudual funds to satisfy requisites of the particular industry, and in part from the fact that the funds are products of the bargaining table. They may, however, be generally grouped according to the sources from which contributions are derived, and the parties in which administrative control is vested. Funds are therefore classified as to whether moneys are derived exclusively from (1) the employer, (2) the employee, or, (3) whether there is joint contribution. They may be further cataloged on the basis of whether administration is vested in (1) the employer, (2) the union, or (3) a union-management group. In addition, welfare programs may be insured by (1) an established carrier, (2) an insurance company chartered for the express purpose of insuring the particular welfare program, and (3) the plan may contemplate payment of benefits directly from the funds. A great many combinations of these characteristics are found in existing funds.

The funds we have analyzed provide one or more of such benefits as sick payments, hospital or surgical expenses, dental care, benefits in case of accidental death, maternity, preventive medical services, retirement, vacation payments, various clinical services, rest camps, health education, laboratory tests, periodic health examinations, and benefits in case of permanent or temporary disability. The types of benefits and the amounts made available under each program may vary with the particular industry in which the fund operates.

It is too early to make any evaluation of the general impact of the law upon welfare funds. Evidence to date does not indicate that it has operated to affect the rapid trend toward expansion in this field. Many of the funds were established prior to January 1946, and therefore the act's application to them is limited. The committee is making a study of welfare plans one of its major programs.

Studies already undertaken by the committee direct particular attention to the methods of administration, the cost of administration, the amounts paid into the funds, the procedures for paying claims, eligibility requirements, the number of workers covered, the value of claims paid, rights of workers to benefits upon leaving covered employment, and the effects on absenteeism and labor turn-over.

The committee's continued study of welfare funds will be particularly directed to the relationship to Federal and State social-security laws. We are especially interested in the individual's right to benefits and whether he will retain accrued rights in his individual capacity regardless of continued employment or union affiliation.

The study will not only be directed to an examination of the accounting and actuarial considerations of welfare programs, but will also be directed to the individual worker's equity in such plans and the over-all relationship to established social-security laws. However, we believe that to deal intelligently with the problem, we must have a fairly detailed knowledge of the organization of such funds. With this in mind, studies have already been undertaken of the welfare arrangements of the Amalgamated Clothing Workers of America, CIO, and the International Ladies Garment Workers Union, AFL.

IV. Plant Studies

The committee determined at its initial meeting that benefit would be derived from case studies of the labor-management relations in representative business concerns in various industries. The problems which have been resolved through collective bargaining, the critical issues to be determined in coming years, the methods and attitudes that lead to stable and constructive labor-management relations, would thus be brought into relief against the back drop of Federal legislation.

In undertaking these studies the committee was influenced by a number of considerations. The wide variety in the subjects which the act directed us to study made necessary that the committee inform itself in greater detail of how collective bargaining is actually conducted at the plant level. The experience of the various committee members with previous hearings on labor-management relations had resulted in a belief that such hearings could be made more productive of real information by advance staff investigation. The studies were designed to elicit much of the information upon which the act requires us to report. Finally, the committee believed that such studies should also be of value to employers, unions, and the public. The business enterprises selected for study were not chosen on the basis of outstanding achievement in establishing a stable relationship between union and management, although some were found to have made great progress toward this goal; rather, each was selected as representative of the problems to be found in its industry, or on the basis of some constructive contribution to the solution of one of the problems in labor-management relations. An effort was also made to select those business enterprises study of which would provide some information on industry-wide bargaining, welfare funds, incentive pay, or guaranteed annual wage.

As a matter of policy, studies were attempted only where there was no current strike, lock-out, or other situation likely to generate temporary and abnormal stresses, and only where the cooperation of union and management might be expected. Up to this time, studies of the following concerns have been completed: The Botany Mills, Passaic, N. J.; The B. F. Goodrich Co., Akron, Ohio; The Murray Corp., Detroit, Mich.; the R. J. Reynolds Co., Winston-Salem, N. C.; the George A. Hormel Co., Austin, Minn.; International Harvester Corp., Chicago, Ill.; and the Lincoln Electric Co., Cleveland, Ohio.

In making further selection of companies for these studies, the committee hopes to obtain diversification in order that its final report may reflect a better composite picture of the country's collective bargaining. We want to include a typical company in each major industry. Further reports should point out the different bargaining approaches of unions affiliated with the several major federations as well as unaffiliated unions. Geographical considerations will also influence further selection, since the committee recognizes that sectional and local conditions must have an effect upon the collective-bargaining processes.

In each case, these reports were prepared initially by committee staff members after appropriate research followed by personal consultation with company and union leaders. After review by the committee, the tentative reports were submitted to the union and company officials involved and their comments and criticisms obtained. Wherever necessary for the sake of factual accuracy or fair and impartial appraisal, appropriate revisions were made in the reports. The studies included in the appendix are those in which the committee has had

the benefit of review and criticism of both parties. Every effort has been made to reflect the unprejudiced, open-minded, and impartial attitude with which the studies were approached. Statements of opinion and evaluation were unavoidable in the presentation of an intelligent analysis, and for these the staff members who conducted the studies must accept responsibility.

It is fully recognized that the studies made thus far are not sufficiently extensive to provide adequate foundation for broad general conclusions or specific legislative recommendations. There are, however, several interesting observations suggested by these studies.

Much of the strife between unions and management in recent years has been characterized by a struggle on the part of the union for a larger share in the determination of certain policies held by management to be its own exclusive prerogatives outside the scope of collective bargaining. Where the union makes such demands, and the company feels bound to resist as a matter of principle, agreement is far more difficult to attain and is likely to be no more than a temporary truce while each side girds for the next engagement. Usually such issues are fought out in the power centers of industry where the results will effectively establish a pattern for the industry. At the Murray Corp., it was found that both union and management had tacitly consented to follow the auto industry pattern on such matters as the general wage level. Because bargaining was thus forced to operate within limits determined by others and accepted by both parties as the limits, it was found that the gap between union demands and company willingness was often much narrower than has been the case with the pace setters. Such a limitation of the scope of collective bargaining tended to facilitate agreement on the remaining issues.

In many companies the problem of divided loyalty is a constant source of friction. Where management has sincerely accepted the principle of collective bargaining and the union is genuinely prepared to direct its activities in the realization that its own well-being is dependent upon that of the company, then this question largely resolves itself into one of adequate and effective two-way communication.

At the Botany Mills, where a high degree of understanding had been achieved between top officials on both sides, the problem of communication has been met by the labor-management school, which is unique in giving identical and joint instruction to management and union representatives at all levels based on material prepared jointly by officials of both.

The B. F. Goodrich Co., at Akron, Ohio, is one of the largest of the country's rubber companies. The incentive payment system is essentially a straight piece-work wage method. The report explains the development of this wage system and presents a brief history of the development of the union movement in the rubber industry as a whole.

At the Lincoln Electric Co., in Cleveland, Ohio, a nonunion plant, the incentive system has been developed to a point where the production bonus of the average employee is more than 100 percent of his base pay and where the lowest paid employee received $2,952 as his total income in 1947, and the average income of the production employees excluding supervisors was in excess of $6,000. This report presents the methods used by the company both in the selection of personnel and development of new techniques to insure a continuing high production with steadily diminishing labor costs.

The report on the George A. Hormel Co., a meat-packing plant at Austin, Minn., shows that there is much more to the Hormel wage system than the much-publicized so-called guaranteed annual wage. At that company, in an industry which is highly seasonal, it has been possible to spread employment over the full year by the simple expedient of working on new products and byproducts of fresh meats during the slack season. The company pays a production bonus and a share in its annual profits to its employees. This situation has answered the employees' wish for job and financial security, and at the same time includes an elaborate incentive.

The report of the Murray Corp., an auto body manufacturing company in Detroit, emphasizes the importance of this and other smaller key suppliers in the auto industry. The strike in 1947, while it directly involved only the Murray Corp., resulted in extensive shut-downs throughout the industry because of a lack of those parts normally supplied the bigger companies by Murray.

The labor relations between R. J. Reynolds Tobacco Co. and the Food and Tobacco Workers of America, CIO, present a stormier picture than those mentioned heretofore. The report outlines the history of relations between this union and the Reynolds Co., and suggests the possibility that the company may decline to negotiate a new contract with the FTA unless that union redemonstrates its majority in an election conducted by the National Labor Relations Board. Such an election would require the FTA to comply with the requirements of the Taft-Hartley law, or lose its bargaining rights by not appearing on a ballot with the contending unaffiliated union.

The report relating to the International Harvester Co., is almost completely restricted to that concern's relations with the Farm Equipment and Metal Workers of America, CIO. There this union fought and won a long and difficult organizing and recognition battle. However, as in the Reynolds case, there is also the possibility that the company will decline to negotiate a new contract unless the FE redemonstrates its majority in an NLRB election.

Since neither the FE at Harvester nor the FTA at Reynolds has complied with the affidavit requirements of the Taft-Hartley law, their situations might be cited as illustrative of the operation of the new law to the detriment of unions. However, it would seem that a very simple answer to that charge in each case is compliance with the law by the officials of the unions involved.

At the plants thus far studied, the Labor-Management Relations Act of 1947 has not materially altered the pattern of collective bargaining or conduct of industrial relations. Full impact of the act may not have been felt at the time these studies were conducted, and at least some effects may be expected in the intangible but nonetheless important realm of attitudes toward the bargaining relation. Careful analysis of the industrial relations studied at these plants has thus far failed to reveal a single specific instance wherein the proper and healthy functions of a responsible union have been curtailed by any provision of the act. Various fears have been voiced by union leaders at these plants who predict dire consequences in the future, but these are not founded on specific experience since passage of the act.

In presenting these reports to the Congress and the public, the committee realizes it would be presumptuous to present them as

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complete and detailed studies of the labor relations of the companies involved. Rather, they are merely sketches of the history of collective bargaining and outlines of some of the accomplishments and the problems. They are presented in the thought and with the hope that they will add to the information on day-to-day labor relations, a subject on which the public to date has had very little detailed knowledge.

V. Industry-Wide Bargaining

The term "industry-wide bargaining" requires explanation. There are few pure examples in American industry of collective bargaining conducted on an industry-wide scale. A more accurate term to describe the type bargaining the committee is studying is "multi-employer" bargaining, viz, collective bargaining between a union and a group or groups of employers. Whenever two or more employers deal with a union on a collective basis, there exists a form of multi-employer bargaining. The negotiations may be on an industry-wide scale, on a regional scale, or on a metropolitan or local scale.

Another form of collective bargaining which has become more and more prevalent in recent years and which is very closely related to multiemployer bargaining is "pattern" bargaining, where the union applies, or attempts to apply, the same terms, conditions, or demands to a number of employers in an industry where the employers act singly and not as a group. Reference to the labor hearings conducted by the Senate Committee on Labor and Public Welfare in the spring of 1947 discloses that this type of bargaining prevails in the steel and automobile industries.

The committee, following its usual policy, has sought to obtain the facts on multiemployer bargaining by studying it in operation in those industries in which it exists The men's clothing industry was the first industry chosen by the committee for study. Members of the staff have visited the trade centers of this industry in New York, Chicago, Philadelphia, Baltimore, Cleveland, and Cincinnati. They have talked with numerous manufacturers and union officials, as well as officers and managers of employers' and contractors' associations. They have seen the various operations involved and the employees at work in several plants which manufacture men's clothing. They have studied statistics and records and have examined background material affecting this problem in the men's clothing industry.

The committee's study of the men's clothing industry is being sent to the Amalgamated Clothing Workers of America for comment. Time will not permit its review before this report is printed, and it is therefore not included therein.

In continuing its study of industry-wide bargaining, the committee will study other industries in which it exists. One such study is now in its initial stage and others will be started as time permits. All such studies are being made from the standpoint of gathering all pertinent facts in order that the committe and Congress may determine the effects of this type of bargaining upon the national economy.

APPENDIX

Indictment of the CIO and Philip Murray

G. J. Original

Criminal No. ——

Section 313 of the Corrupt Practices Act, as amended by Section 304 of the Labor Management Relations Act, 1947

In the District Court of the United States for the District of Columbia

Holding a Criminal Term

The United States of America *v.* Congress of Industrial Organizations
Philip Murray, Officer Thereof

January Term A. D. 1948

The District of Columbia, *ss:*

COUNT I

The Grand Jurors of the United States of America, duly impaneled and sworn to inquire within and for the District of Columbia and now attending the said Court upon their oaths present:

(1) That at all times mentioned herein the defendant Congress of Industrial Organizations, hereinafter referred to as CIO, was a labor organization as defined in Section 313 of the Corrupt Practices Act, as amended by Section 304 of the Labor Management Relations Act, 1947.

(2) That at all times mentioned herein Philip Murray was the duly elected and qualified President and an officer of said defendant CIO, and actively discharged the duties of his said office as President of said defendant CIO.

(3) That at all the times hereinafter mentioned, the said defendant CIO owned, composed, edited and published a weekly periodical known as "The CIO News," and the said defendant CIO paid all of the costs and made all of the expenditures necessary and incidental to the publication and distribution of said periodical, "The CIO News," from the funds of the said defendant CIO, including the salaries of the editors and contributors and other writers of texts set forth in said periodical and including also the cost of the printing of the said periodical and the cost of the distribution of the said periodical, and all such payments and expenditures, including those representing the cost and distribution of the issue of said "The CIO News" under date of July 14, 1947, and designated as Volume 10, No. 28, were made by said defendant CIO at Washington, in the District of Columbia, and within the jurisdiction of this Court.

(4) Heretofore, and on the fifteenth day of July 1947, a special election at which a Representative to Congress was voted for, was held in the Third Congressional District of the State of Maryland.

(5) That in anticipation of the holding of the said special election and with the intention thereby to violate the provisions of Section 313 of the Corrupt Practices Act, as amended by Section 304 of the Labor Management Relations Act, 1947, the said defendant CIO caused the following text to be published on the front page of the issue of said periodical, "The CIO News," for and under the date of July 14, 1947, and designated as the issue known as Volume 10, No. 28:

"TEST OF POLITICAL FREEDOM

"By Philip Murray, president, Congress of Industrial Organizations

"On Tuesday, July 15, a special Congressional election will be conducted in one of the Districts of the City of Baltimore.

"One of the candidates, Judge Ed Garmatz, has been officially approved and endorsed by the CIO Political Action Committee for the State of Maryland. The candidate for the opposition party is notorious among the working men and women of Baltimore for his antiunion views and activities.

"The CIO has been requested by representatives of its members within the Congressional District involved in this election to give publicity to the action of the State PAC and to urge that members of CIO unions in the District cast their votes for Judge Garmatz.

"The Congress of the United States, however, has recently enacted a law, commonly known and referred to as the Taft-Hartley Act. This law purports to make it illegal for American working men and women organized into labor organizations and acting through their duly elected officers to expend their common funds to make their views heard and known in matters relating to elections for federal office.

"Senator Taft, the foremost sponsor of the new law, has publicly stated his view that it is the purpose, intent and effect of the new law to stifle the voice of labor in political matters and particularly to prevent labor from supplying in its own publications, distributed among its own members, facts and information with respect to current election issues and candidates.

"I have been reared in a tradition of respect for the law of the land. In my public and private life I have adhered religiously to the principles of that training. Consistent with those principles I deem it the duty of citizenship to abide by and respect the highest law of the land—the Constitution of the United States.

"It has always been my understanding that that document guarantees the basic American rights of free speech, free press, free assemblage and forbids the denial of life, liberty, or property without due process of law. Those guarantees and those protections, I am advised and firmly believe, are and must be available to all without distinction, caste, or class.

"I am advised and firmly believe that they are rights and protections to which the working men and women of this country, the members of labor unions, the members of CIO unions, are fully entitled.

"If the Taft-Hartley Act means what it has been proclaimed to mean, it flagrantly flaunts fundamental principles which have been cornerstones of American tradition and American freedom ever since the founding of our great Nation.

"I believe that I would be remiss in the performance of my duties as an American citizen if I did not speak and act firmly in support of those great traditions and those vital freedoms which have made America what it is today.

"Under the procedures of our courts it is possible to strike down unconstitutional laws only by taking affirmative action in reliance on and in the exercise of the liberties guaranteed by the Constitution.

"This I have decided to do.

"I have made this decision not in a spirit of defiance or bravado or bitterness. Rather do I act in a spirit of regret that the Congress of the United States should have chosen to curb basic liberties, and in a spirit of hope and trust that the courts of the United States will vindicate those liberties.

"I therefore have directed and requested the editor of the CIO NEWS to publish this statement, including the following paragraphs, and to give to this issue of the CIO NEWS proper circulation among the members of CIO unions in the City of Baltimore and, particularly, within the Congressional District in which this election is scheduled to take place.

The Taft-Hartley Act has imposed upon American workers and their unions untold ills and hardships which threaten their living and working standards and the very existence of their organizations. The evils of this law have become well known to members of our unions throughout the length and breadth of our land. It is vital for the preservation of the living standards of America that this law be repealed.

"It is apparently the judgment of CIO members and leaders in the City of Baltimore that Judge Garmatz is a candidate whose record, experience, and understanding are such that he may be expected to appreciate the evils of this law and to act in the public interest for its repeal. The CIO NEWS belongs to the members of CIO and serves as the organ of expression for the principles and views democratically adopted by its members and affiliates.

"In performance of my duty as President of CIO, I therefore open the pages of this publication to an expression of views of the CIO members in Baltimore.

"In accordance with their decision and request I take opportunity to urge that all members of CIO residing and voting in the Congressional District in which this election is scheduled to take place cast their votes for Judge Garmatz, and make every effort to bring their neighbors and friends and to all persons eligible to vote in this election a full understanding of the issues involved and of the importance of voting for Judge Garmatz.

"I firmly believe that the action which I now take is fully legal under the law of our land. It is my understanding that the issue as to whether proper respect will be paid to the fundamental guarantees and principles of our Constitution must now rest in the hands of the law-enforcement agencies of the federal government."

(6) That in the period beginning on or about the first day of July 1947 and continuing to and through the month of August 1947, at Washington, in the District of Columbia, and within the jurisdiction of this Court, the said CIO, defendant herein, unlawfully did make expenditures in connection with an election in which a Representative to Congress was to be voted for, to wit, a special election held in the Third Congressional District of the State of Maryland on the fifteenth day of July 1947, in the following manner and by the following means:

(a) That the defendant CIO expended a substantial sum of its money in the preparation, composition, printing, publication and distribution of the issue of the periodical, "The CIO News," dated July 14, 1947, and that the aggregate cost for the publication and distribution of that issue is to the Grand Jurors unknown, but includes the sum of approximately nine hundred dollars ($900.00) paid by the defendant CIO for the actual printing expenses of the said issue of the periodical "The CIO News", and the sum of approximately one hundred dollars ($100.00) for postal charges in connection with the distribution of copies of the said issue of the periodical, "The CIO News," and a substantial part of the aggregate cost of the printing and distribution of said issue was expended by the said defendant CIO for the purpose of publishing the article entitled "Test of Political Freedom," hereinabove set forth, and causing said article to be distributed in the Third Congressional District of the State of Maryland and elsewhere in connection with the special election held in that Congressional District on the fifteenth day of July 1947.

(b) That the defendant CIO also caused one thousand copies of the issue of the publication, "The CIO News," dated July 14, 1947, and designated as the issue known as Volume 10, No. 28, to be specially moved and transported from Washington, District of Columbia, into the Third Congressional District of the State of Maryland, by mailing the said one thousand extra copies to the Regional CIO Director at Baltimore, Maryland, and caused the funds of the said defendant CIO to be expended in printing, packaging and transportation of said extra copies of the periodical, "The CIO News," in connection with the aforesaid special election.

In violation of Section 313 of the Corrupt Practices Act, as amended by Section 304 of the Labor Management Relations Act, 1947.

COUNT II

And the Grand Jurors aforesaid, upon their oaths aforesaid, do hereby reaffirm, reallege and incorporate in this Count, as if fully set forth herein, each and every allegation contained in paragraphs 1 to 5, inclusive, of Count I of this indictment, and do further present:

That in the period beginning on or about the first day of July 1947 and continuing to and through the month of August 1947, at Washington, in the District of Columbia, and within the jurisdiction of this Court, Philip Murray, the defendant herein, acting in his capacity as an officer of the defendant CIO, to wit, President, and well knowing all of the premises set forth in Count I of this indictment, unlawfully and knowingly did consent to the making of the expenditures by the defendant CIO as set forth in Count I of this indictment.

In violation of Section 313 of the Corrupt Practices Act, as amended by Section 304 of the Labor Management Relations Act, 1947.

TOM C. CLARK,
Attorney General.

T. VINCENT QUINN,
Assistant Attorney General.

GEORGE MORRIS FAY,
United States Attorney, District of Columbia.

TURNER L. SMITH,
Special Assistant to the Attorney General.

JESSE CLIMENKO,
Special Assistant to the Attorney General.

A True Bill.

———— ————, *Foreman.*

DEPARTMENT OF JUSTICE'S LETTER INVITING THE COMMITTEE TO PARTICIPATE AS AMICUS CURIAE

FEBRUARY 20, 1948.

Hon. JOSEPH A. BALL,
Chairman, Joint Committee on Labor-Management Relations,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: On February 11, 1948, a Federal grand jury in the District of Columbia returned an indictment charging the Congress of Industrial Organizations and its president, Philip Murray, with violations of section 304 of the Labor Management Relations Act, 1947. On arraignment in the district court, this morning, the defendants requested, and were granted, leave to move to dismiss the indictment on the asserted ground that this section of the act is in derogation of the guaranty of the freedom of speech and the press contained in the first amendment to the Constitution.

The Department has, during the course of the investigation of this case, acquainted general counsel of your committee with the developments of the investigation; and, consistently with that policy, informed your general counsel of the Department's intention to submit the results of its investigation in this case to the grand jury with the purpose of requesting the return of the indictment hereinabove mentioned.

In view of the fact that the defendants in the mentioned case intend to attack the constitutionality of this section of the act, it may be that your committee will desire to participate, as amicus curiae, in the argument of that motion. Ample precedent for the participation by the committee is to be found in the cases of *Myers* v. *United States* (272 U. S. 52), where Senator George Wharton Pepper appeared as amicus curiae; *United States* v. *Smith* (286 U. S. 6), where Mr. John W. Davis appeared for the Senate, with Alexander J. Groesback on his brief; *United States* v. *Bekins* (304 U. S. 27), where Mr. Hatton W. Sumners appeared as amicus curiae for the Committee on the Judiciary of the House of Representatives; and *United States* v. *Lovett* (328 U. S. 303), where the Congress was represented by John C. Gall, who argued as amicus curiae, with Messrs. Dean Hill Stanley and Clark M. Robertson on the brief with him.

I shall appreciate it if you will inform me, as soon as convenient, whether the committee desires to participate as amicus curiae in this case.

Yours sincerely,

PEYTON FORD,
The Assistant to the Attorney General.

COMMITTEE'S REPLY TO DEPARTMENT OF JUSTICE DECLINING TO PARTICIPATE AS AMICUS CURIAE

FEBRUARY 23, 1948.

Mr. PEYTON FORD,
The Assistant to the Attorney General,
Department of Justice, Washington, D. C.

DEAR MR. FORD: I have discussed your invitation to the committee to participate as amicus curiae in the argument of the pending motion in your Department's case against the CIO and its president with available members of my committee and we are agreed that we should not participate.

The Joint Committee on Labor-Management Relations was created by statute with its duty defined as that of "study and investigation." The committee has strictly adhered to a policy of not injecting itself into specific disputes or controversies arising in labor-management relations.

The committee is extremely interested, however, in following the progress of this case and therefore requests that you furnish us with all formal papers that have been filed in the matter to date, and any future motions, briefs, and other pleadings, as they become available.

Sincerely yours,

JOSEPH H. BALL, *Chairman.*

PLANT STUDY REPORTS

THE BOTANY MILLS, PASSAIC, N. J.

SECTION I. THE COMPANY AND THE LABOR FORCE

The Botany Mills was first organized on May 11, 1889, as Botany Worsted Mills, and has continued to conduct its operations on the original 67-acre site in Passaic, N. J. The mills are engaged in the manufacture of woolen and worsted fabrics, from the washing of virign wool to the finished manufacture of fabrics for men's and women's wear, hand knitting and commercial yarns, ties, mufflers, robes, sportswear, sport shirts, socks, cleaning fluids, lanolin products such as soap, face creams, and lipstick. It is said to be the most completely integrated woolen mill in the world, making full use of its byproducts and completing the manufacturing cycle from virgin wool to the retail consumer product. Part of this is accomplished through the use of contract firms. It is an advanced merchandising program that has resulted in greatly increased stability of production and employment.

The mills have 1,918,746 square feet of floor space, with a weekly capacity of 150,000 pounds of yarn; about 265,000 yards of women's dress goods and heavy fabrics, and materials for men's suits. The weaving department has 578 automatic looms.

Most of the buildings occupied by the company for manufacturing were erected by the original company, either in 1889 or shortly after. In later years these buildings have been modernized, with introduction of ventilating and cooling systems, improved lighting, increased fire protection, accident-prevention safeguards, labor-saving arrangement of machinery, and modern washroom and sanitary facilities. While some of the original machinery is still in use, the company has spent very large sums on new equipment and machinery and is a modern well-equipped mill. It maintains its own research laboratory for testing its products and for development of new processes. In cost of operation, it is on a fair competitive basis with mills producing similar qualities in woolen and worsted fabrics.

The company had an over-all volume of business in 1945 in excess of $32,000,000; in 1946 in excess of $37,000,000; and in 1947 its volume is at a rate that will probably be well in excess of $40,000,000 for the calendar year.

The company was launched originally as a German-owned enterprise, financed with German capital, and set up in this country because of expanding American tariffs, which were a growing barrier to German-exported woolens and worsteds. German control and ownership

continued until some time before the entry of the United States into World War I. The company and its properties were taken over by the Alien Property Custodian, and there ensued long and costly litigation, over a span of 5 years, before it was established that the enterprise had become an American-owned concern before the war.

With the termination of this litigation, control of the company was acquired by Botany Consolidated Mills, Inc., a bankers' syndicate effort to create a merger. The syndicate also acquired, by purchase or stock ownership, control of the Garfield (N. J.) Worsted Mills and 37 mills in 9 countries of Europe. Botany Worsted Mills, being the strongest unit in the group, was used as the base of operations.

After a long chain of financial difficulties arising from multiple causes, the parent holding company went into receivership in 1932. A reorganization plan consummated late in 1937 permitted the Botany Worsted Mills to emerge as an independent company with 128,101 shares of preferred stock outstanding with a par value of $10, 226,887 shares of class A stock with a $5 par value, and 100,000 shares of management or class B stock with a $1 par value, of which 50,000 shares have been issued and the balance are subject to an option held by Colonel Johnson, president of the company. The corporate structure has continued without change since that time except that the name "The Botany Mills" was adopted on April 15, 1947.

Passaic is one of the woolen and worsted industry's largest production centers. Six important mills are in operation in the city's immediate area, of which Botany is the largest with a pay roll of about 6,000 persons. In addition to the mills, there are dye works and kindred plants engaged in some phase of processing that make wool and woolen products the most important factor in the economic life of the Passaic Valley. The community's fortunes in very large degree move up and down with the vicissitudes of woolen and worsted goods.

The industry is near the top of a high cycle in production, due to shortages in goods for civilian apparel that arose during the war, and to the increased demand for new clothing evident throughout the country. While the level of production is expected to gradually decline from its present high range, a substantial recession, either in production or in employment, is not anticipated in the Passaic area within the next 3 or 4 years by observers who are in contact with woolen and worsted markets. Passaic believes it is secure in its outlook on the years just ahead.

For more than three decades, Communists and "fellow travelers" found a "happy hunting ground" in Passaic's industrial area, and especially at Botany Mills, and it has been the scene of disastrous strikes and labor troubles. A preponderant part of the city's population is of Russian, Polish, Rumanian, Yugoslav, Hungarian, German, Latvian, and Italian extraction. Promoters of subversive movements and doctrines have given Passaic more than its share of imported troubles and disturbances, and in almost every case these disturbances found a focus on Botany Mills.

Botany's management today, and officials of the Textile Workers Union, recognize the injury and damage that has been caused to management and workers alike by these periodic invasions. Of one common mind, they are determined there shall not be a recurrence.

SECTION II. HISTORY OF RELATION BETWEEN THE PARTIES

The long and checkered career of Botany Mills in its contact with employees, over a span of 58 years, presents a sharply contrasting chapter in management-labor relations that finds few counterparts in American industrial history. The pendulum swings from one extreme to the other; from costly strikes and open warfare, to full cooperation and precedent-making understanding. The company has gone through three costly strikes, in 1912, in 1919, and in 1926.

The strike of 1926 was one of the country's most bitter and hard-fought industrial wars, converting five towns and communities into an industrial battlefield, disrupting their life and well-being, bankrupting many merchants and small business concerns, and inflicting scars still visible.

Much of the company's labor trouble before 1926 was attributable to its foreign ownership, and to German-born officials who adhered to a German pattern of labor relations that was highly paternalistic.

Colonel Johnson, Botany's president, has recited that "with the beginning of 1926 dawned the most miserable year that the workers of Passaic, the mills of Passaic, and the businessmen of Passaic have ever experienced," and that "many of them have not yet recovered from the effects of the happenings of that year."

Strikers and their sympathizers, involving probably 20,000 persons, were arrayed in the strike of 1926 against the law-enforcement authorities of Passaic, and the surrounding towns of Garfield, Clifton, Lodi, and Wallington. The riot gun, the gas bomb, the club, and fire hose, in the hands of policemen and temporary deputy sheriffs, were the means by which peace was sought.

Scars of this disastrous conflict—disastrous alike for company and for employees—were deep and lasting. The company suffered severe financial consequences, from which it was eventually retrieved by reorganization and new management. Organization of the workers by a responsible union in the ensuing years was made more difficult by memories of the abortive strike of 1926.

In the light of this bitter conflict, the harmonious relation, and large area of understanding, brought about by the present management and the union, is a striking contrast in industrial relations. It opens up a large area for constructive study.

The strike of 1926

Roots of the 1926 strike began to grow in 1924, soon after the return of Botany's property by the Alien Property Custodian. At that time the management was drawn into a bankers' syndicate with corporate allies in Europe. The holding company made large financial commitments, and loans of its corporate funds, to the German parent concern, the German Stoehr Co., and, as explained by President Johnson, "because of these arrangements (the company) became a dominant factor in affairs abroad."

The company had to borrow heavily from American banks, and became involved in a sum of about $15,000,000. In respect to them, Colonel Johnson recites:

> The German company had to borrow these moneys because they had expanded very largely, and controlled between 30 and 40 plants scattered through some

eight or nine countries in Europe. I opposed these loans at the time, feeling that moneys secured should be put into a greater and better Botany.

Changes in styles and fashions also engulfed the company in difficulties. Silk dresses replaced worsted dresses, and the weekly hours of work grew less. Fewer and fewer looms operated—workers "instead of having 48 or 50 hours of work a week, were fortunate if they got 12." The management chose to retain all of its employees, and to "spread the work" to a few hours a week for each, rather than to reduce the number and give full-time employment for those retained. Of this Colonel Johnson says:

> Naturally this led to difficulties, to unrest, dissatisfaction, not only amongst the workers, but amongst those who were charged with operations. It was a fight of the old school (of management) against the new. Botany's people were on the street more hours than they were at work. They could not understand it. Nobody in management talked to them about it, and they naturally turned to anyone who would promise them some ray of hope, whether the promise could be kept or not. Whether such promises came from irresponsible sources hoping to exploit the workers for their own benefit was not given a second thought by the workers.

There was talk of a "united front" among workers, and this discussion came to a focus in the formation of the United Front Committee in November 1925, after Botany reduced wages by 10 percent.

With the 10-percent wage cut, Albert E. Weisbord, an acknowledged Communist, appeared on the scene, and took direction of the United Front Committee, comprising workers of the Botany, Forstmann & Huffman, Gera, and Garfield mills.

With Weisbord came a varied assortment of "pinks," Communists, troublemakers, and fanatics, some of whom had been rounded up by the Department of Justice as "dangerous radicals" during or immediately after the war. Of these was Elizabeth Gurley Flynn, the Communist firebrand of New York City; William Weinstein, of the Communist Party; and Nancy Sandowsky. Colonel Johnson says:

> The rising United Front was preaching a doctrine of communism. Hate was preached, and a bewildered management awakened early in 1926 to realize that all of the attacks to which no attention had been paid, because they were so palpably lies, were being believed by the workers, and by the communities around us.

The workers had reached that point of desperation where they were willing to follow any irresponsible leadership which showed a concern for their problems and offered a glimmer of hope.

The strike started on January 26, 1926, and lasted throughout that year. It was a year in which Passaic lived in a state of semianarchy. There was so much violence that at times newspaper reporters traveled the streets in armored trucks and took pictures from low-flying airplanes.

A settlement was eventually effected through exchanges of letters between Colonel Johnson and Thomas F. McMahon, president of the United Textile Workers of America (AFL). This settlement was reached on the basis of a statement made by Colonel Johnson on August 19, 1926, defining "the company's new policy of dealing with its employees."

> The management recognizes the right of those employed in the mills to organize and to select representatives from their own number to deal with the management on problems in which we are both interested.

> If you wish to organize, when such organization is completed, the management will be more than glad to consider and discuss with your representatives any matters in which we are both concerned for your betterment or which will help to a more efficient and profitable conduct of the mills.

Wake of the strike of 1926 left the Passaic workers bitter, disillusioned, and resentful. The cause of labor had suffered a stinging defeat, and sporadic attempts at union organization in the ensuing decade met with little success.

In 1937 the Textile Workers Organizing Committee made some gains among workers in the Botany mills, but this effort met with determined company resistance (4 N. L. R. B. 292 and 106 F. 2d 263) and led to an NLRB cease-and-desist order.

In 1940 the organizing committee had gained a majority in the wool-sorting department, with 32 employees out of a total of almost 6,000. This was determined to be an appropriate unit for collective bargaining. An election was held, and TWOC was certified as bargaining agent for that unit (27 N. L. R. B. 687). This action of NLRB was vigorously contested in the courts by the company, which in the meantime refused to bargain with this union (41 N. L. R. B. 218 affd. 13 F. 2d 876). This litigation was carried over into 1943.

Late in 1943 the Textile Workers Union of America (CIO), successor to the TWOC, claimed to represent a majority of the production and maintenance employees in the Botany mills. The NLRB ordered an election, which was held December 18, 1943. The official returns were as follows:

Eligible to vote	3,855
Valid ballots cast	3,342
For the TWUA	1,797
Again the TWUA	1,545

The TWUA was certified as the bargaining agent on May 8, 1944, after challenges by the company of an unfair election and countercharges by the union of undue influence (56 N. L. R. B. 70).

Copies of the Botanist, official house organ of the Botany mills, contain numerous articles by Colonel Johnson in the fall of 1943, prior to the election, described by the Board as "diatribes against the union." However, during the summer months of 1944 something occurred to cause Colonel Johnson to abandon his opposition to the union. This change in attitude has been variously explained.

For one thing, increased production during the war years was accompanied by an influx of new workers who had not been the beneficiaries of the company's paternalism, nor did they bear scars of the 1926 strike. Many of them were union members on prior jobs.

Perhaps the management realized that the changed complexion of its personnel precluded further resistance. One informant suggests that Colonel Johnson may have been influenced by certain members of Botany's board of directors, who had previously been approached by George Baldanzi, executive vice president of TWUA.

It is also of interest to note that Colonel Johnson adduced evidence indicating that the War Labor Board declined to act on Botany's formal requests for wage increases during the entire period, pending advice from NLRB that Botany had accepted the union.

In any case, failure of WLB to authorize wage increases resulted in constant labor friction within the mill, causing operating break-downs,

and further unrest and loss of production at a time when the company was making every effort further to increase production.

Colonel Johnson, himself, explains his decision to come to terms with the union in this manner:

> The fear of shadows marks the difference between politics and statesmanship, and I soon realized that I had to decide whether I was to become a crusader and bust Botany Worsted Mills, destroying such equities as I had succeeded in building up, or accept the decision of the election as voted by many employees who have since come and told me they wished they had voted otherwise. * * *
>
> While I have no sympathy with those who now say they are sorry, I realized fully that starting to crusade would not only be costly and destructive to Botany Worsted Mills, but would also destroy the jobs and the livelihoods of thousands of workers who may feel safe now but who would face a terrible condition of affairs after the war. * * *
>
> At the same time I received a telephone call from one of our directors who suggested I sit down and talk with a mutual friend who had dealt with the CIO for many years at his plants. I told him I would give him an answer after thinking it over during the week end. On Monday I called and arranged to meet our mutual friend that afternoon. After a 2-hour session he called Mr. Baldanzi, whom he knew well, and who evidently was awaiting such a call, and delivered to him a message that I would meet with Mr. Baldanzi * * * (in a few days provided the strike then in progress was called off).
>
> In the meantime we had D-day—appeals to patriotism were without avail. What the boys might think of their action on their return was scoffed at. One girl was sure her boy friend would approve.
>
> My thoughts ran to what this country of ours had done for them. I wondered what kind of thinking lay behind that kind of gratitude when they knew their sons, brothers, husbands, and sweethearts were lying on the beaches of France and needed the clothing our fabrics were to go into.
>
> Another thought that struck home deeply was that those who protested they wanted no union were just as enthusiastic sitters and quitters as those who honestly avowed that was back of their actions.
>
> In such a state of mind I met with Mr. Baldanzi. I was impressed with his sincerity, clean thinking, and objectives. I agreed with him that we would sit down and see if we could arrive at the basis of an agreement. Weeks of negotiation followed. A committee of workers met with management. Both groups, which were large, discussed a general program. Then management sat with the national officers of the CIO, and finally, on August 21, an agreement was signed.

SECTION III. ANALYSIS OF PRESENT AGREEMENT

The contract entered into on February 1, 1946, is substantially the same contract the parties made 2 years earlier. It runs for 2 years with provision for automatic renewal in the absence of notice by either party. That spirit of intelligent cooperation found in the party's day-to-day handling of problems is also evidenced in their agreement. Article II of the contract expresses it—

> The union recognizes the responsibilities imposed upon it as the exclusive bargaining agent of the employees, and realizes that in order to provide maximum opportunities for continuing employment, good working conditions, and better than average wages, the employer must be in a strong market position, which means it must produce efficiently and at the lowest possible costs consistent with fair labor standards. The union, through its bargaining agency, assumes responsibility for cooperating in the attainment of these goals. The union therefore agrees that it will cooperate with the employer and support its efforts to assure a full day's work on the part of its members; that it actively will combat absenteeism and any other practices which restrict production. It further agrees that it will support the employer in its efforts to improve production; eliminate waste in production; conserve materials and supplies; improve the quality of workmanship; prevent accidents; and strengthen good will between the employer, the employees, the customer, the union, and the public.

Union security is satisfied by the provision that all members of the union on February 1, 1946, must maintain such membership for the duration of the agreement and all new employees must join within 30 days of their employment. A dues check-off is authorized upon written direction by the individual employees. This modified union shop has permitted the company to retain in its employ several hundred old employees who, perhaps because of memories of the 1926 strike, have continued in their refusal to join the union.

The parties have handled wage revisions during the life of the contract by permitting a reopening on 60 days' notice by either party twice a year. If they are unable to agree within 15 days either party may require arbitration thereof. Provision is made for a panel of three arbitrators appointed by the American Arbitration Association. Decision of a majority of such panel is made final and binding upon the parties.

The grievance procedure follows a conventional five-step plan starting with the attempt to settle in the department by the aggrieved employee, shop steward, and foreman. The fifth step requires consideration by the president of the company and the union national president. If they are unable to agree, the matter is determined by a permanent arbitrator whom the parties have agreed upon. The time which a grievance may be considered in any of the successive steps has been carefully limited to a minimum. In actual practice, minor grievances, even of a number of employees, rarely reach the second step. Except in a matter of pay adjustment, or in a revision of pay differentials, these matters are generally adjusted in "on the spot" discussions between foremen and shop stewards. The accumulation of unsettled grievances, so often a source of industrial unrest, has never been a problem at Botany. Both parties have so applied themselves in an effort to make the program work that it has not been necessary to invoke the arbitration clause.

The contract contains many other illustrations of the parties' alertness in anticipating factors and conditions which may lead to disputes. The following are a few of such examples—

1. Women employees receive the same pay as men employees when they perform the same work.
2. Employees receive full pay for waiting time while at work when the delay is caused by reasons beyond their personal control.
3. In the absence of notice that there is no work to be performed, employees reporting for work on the first and second shift are guaranteed 4 hours' pay, and third-shift employees are paid for their full shift.
4. Occupational seniority governs lay-offs and recalls, but it is only one of the factors to be considered in promotions.
5. Employees with less than 5 years' service receive 1 week vacation pay and those with more service receive 2 weeks per year.
6. Group insurance providing benefits for death, dismemberment, accident, sickness, hospital, maternity, and surgical is procured at the expense of the employer.
7. The no-strike, no-lock-out clause is clearly stated.
8. Powers and duties of the employer are set forth as follows:

> Subject to the provisions of the agreement and to the collective-bargaining rights of the union with respect to wages, hours, and conditions of employment;

the management of the plant; the planning, direction, and control of production, sales, and the business; and the direction of the working force, including hiring, firing, promoting, demoting, and disciplining of employees; and the laying off and calling to work of employees in connection with any reduction or increase of production and, consequently, of the working forces, are among the exclusive functions of the management, and shall not be abridged.

SECTION IV. OTHER LABOR POLICIES OUTSIDE THE AGREEMENT

The most unique, and perhaps most significant, of all agencies coming into being at Botany as a result of unionization in 1944 is the Botany School on Labor-Management Relations. This school, with only a year of successful operation, is attracting Nation-wide attention in varied lines of industry. Its operation and procedure has been studied by industrial relations officials of several of the country's largest enterprises. Unquestionably it is an outstanding contribution by Botany's management and the union to healthy and solid interrelationship. As a "clearing house" in thought and expression, it is a substantial factor in developing harmonious and satisfactory ties between Botany and the union. Attendance at the school is confined to representatives of management down to section foremen, and to agents, shop stewards, and other representatives of the union.

By 1946, with the signing of the second contract between Botany and the union, amicable feeling, a sense of responsibility, and extremely good cooperation had been achieved between top officials on each side. This feeling did not, however, extend through the lower echelons. Scars of the 1926 strike, and later organizing efforts, remained, and some older employees were antagonistic to the union. While top management at Botany was cooperating with the union, a means of extending cooperation down through the ranks was needed. Colonel Johnson said the need was—

> a joint and honest effort at mutual understanding, which can only be accomplished by mutual confidence and joint study followed by education all along the line, so that this joint mutuality will be practiced by all concerned.

To implement this conception, Colonel Johnson and Mr. Baldanzi met periodically for informal discussions of the whole labor-management program at Botany. Out of these discussions came a decision to establish a labor-management school, conducted jointly by union and management, and attended by representatives of both. According to Mr. Baldanzi:

> This whole idea came about originally in discussions between Colonel Johnson and his associates and some of us. We felt that all of us have a big responsibility that can be fulfilled only if we first understand common objectives, and get our organizations working to achieve them.

The basic objective of the school was to promote personal relationship between the boss and the worker. The training program was rooted in the conception that the better the relationship between company and union, the greater the over-all well-being. Colonel Johnson and Mr. Baldanzi appreciated there had been a continuing warfare between forces of management and of labor, and too frequently the victor was determined on the basis of economic power, to the exclusion of social and human equities. They realized that too great power concentrated in the hands of either faction would ultimately injure or be destructive of the free enterprise system under which both operate.

This philosophy was cogently expressed by Mr. Baldanzi, when in speaking of the school, he said:

> For we believe that the system of free enterprise will remain free only as long as we sustain the equality of all groups in that system and permit no one group to dominate any other. History teaches us that when society begins to function in such a way that all power and wealth are concentrated in the hands of a few, then that society has lost its capacity for survival. * * * The truth of the matter is that you cannot take freedom away from one group without ultimately taking it away from all groups.

Basically, the training program was intended to aid company foremen and union shop stewards to understand and appreciate the other's problems and difficulties, and to promote the understanding that there is merit on both sides of an argument, a grievance, or a complaint. To the average worker, the foreman is boss. He looks to his shop steward to adjust his grievances. When he finds that foreman and shop steward can come to a just solution he feels his rights are being safeguarded by both employer and union.

Probably an additional factor contributing to the amicable relationship between management and the union is the fact that the union is engaged in an organizing drive in the South. It is believed that the union wants to make Botany a "show window," an outstanding example of what can be accomplished through management-union cooperation. Botany, of course, is more than willing to be the beneficiary of this attitude. This desire is perhaps reflected in Mr. Baldanzi's explanation:

> I hope that our program can be duplicated in other plants. I see no other answer to today's pressing problems. For the last 6 months, I have been down South where we have a big organizing campaign in progress, and something like our Botany program is needed there very badly. We are going through a fight, a bitter fight, a fight against employers who do not want to recognize the fact that their workers have a right to belong to the union. Here you have one union and it is respected, and you respect your superiors, and what we do here will have a direct effect in showing other employers and other people what can be done in a union shop. We must make the union shop the best shop to work in in America, because only by doing so can we convince the American people that the union is needed to bring about balance between employer and employee, between employee and management. * * * If this plan is going to work, it will work only to the extent that we have confidence in and understanding of, tolerance and mutual respect for one another.
>
> The Botany Mills can become a symbol of that kind of relationship, and we want to make it so. I am contented that we are creating a program here that many unions and many mills will want to adopt for their own guidance.

Botany's training program was officially inaugurated September 18, 1946, at a banquet in the mill's cafeteria attended by the entire supervisory force and all employees. Present, too, were Mr. Rieve and Mr. Baldanzi, representing the union, and Colonel Johnson, General Phillipson, and C. F. H. Johnson, Jr., representing management. Content of the course of instruction had been prepared by General Phillipson, who submitted drafts of the proposed lectures to Mr. Serraino, of the joint board, who edited, revised, and added to them. The materials as finally submitted represented policies and interpretations agreed to in advance by union and management.

The course consisted of 15 hours of instruction involving general peronnel policies extending from State or Federal statute or accepted precedents in the industry; settlement of grievances and complaints,

with a careful exposition of the grievance procedure established by the contract; analysis of the contract, with emphasis on wages, hours, seniority, vacations, overtime pay, and group insurance. Instruction was given to all supervisory officials, including foremen of the smallest group of workers, and all shop stewards and other union representatives. Students were in groups of 12 to 15 for the actual instruction, with care to include in each group both management and union representatives on the same level.

The heart of this training program is giving identical instruction to shop chairmen and stewards and company supervisors. Both are concerned with composing differences and handling grievances in the earlier steps. They are identically instructed so that uniform interpretation will be possible, and misunderstandings and controversies not inevitable.

Instruction periods are conducted exclusively on company time and at company expense. Mimeographed copies of lecture material are prepared and distributed to each student for permanent retention in individual bound notebooks. The courses are taught at all hours of the day and night, so that students can attend during regular work shifts.

Analysis of the subject matter taught reveals considerable emphasis on social and human relationships.

The opening session developed the general objectives (1) to promote a better understanding of employer-employee relationship, (2) impress all with the community of interest and responsibility which the agreement establishes, (3) become better acquainted with each other, and (4) to provide uniform procedure for dealing with problems and differences. The next two sessions were devoted to very brief discussions of New Jersey antidiscrimination laws, Federal and State laws restricting employment of minors and females, workmen's compensation laws, Fair Labor Standards Act, the GI bill, social-security and unemployment-compensation legislation, company policies relating to photography and fingerprinting of new employees, conviction for violation of laws, job ratings, punching time cards, action on garnishments or attachments, military leave of absence, and related matters. Then the essentials of good relations were taken up, including relations between foremen and workers, with emphasis placed on sincerity and honesty in all dealings.

The next four sessions were devoted to detailed analysis of handling complaints and grievances through the procedure of the contract. Great emphasis was placed on settlement of all grievances on the lowest level; that is, between union shop steward and the foreman.

Six sessions were devoted to a detailed analysis of provisions of the contract covering attendance, absenteeism, new employees, and turn-over, leaves of absence, vacations, termination procedures, veterans' programs, group insurance, seniority and transfer procedures, wages and hours, and employer and union functions.

The actual instruction was given largely by General Phillipson and Major Wildebush. Mr. Serraino had participated in preparation of the material and took part in the discussions, particularly on union policy and function. It was deemed essential to success that both union and management participate fully in the program. At the

conclusion, a commencement exercise was held and certificates awarded to graduates.

A new course of instruction involving accident prevention is contemplated. This is acknowledged as primarily a responsibility of management, but the union is joining in preparing the program. Refresher courses are planned periodically, and, as turn-over brings in new foremen, supervisors, or shop stewards, instructions will be given to them. A continuing program of instruction is contemplated.

Inquiries were directed to both company and union officials as to their opinion of the workability of this joint training program to other concerns and to other industries. Both General Phillipson and Mr. Serraino said it could be adapted to needs of other industries and would be advantageous, but certain prerequisite conditions should be met. First, a high degree of cooperation and trust between top company and union officials, accompanied by complete sincerity of motive. Second, sufficient authority and influence of top officials to make their desire for cooperation shared by lower officials. There would necessarily have to be an absence of internal union politics, as well as a positive and consistent policy on the part of the company.

Both company and union officials said the unusual cooperation at Botany is primarily the result of personal feelings of trust by Colonel Johnson and George Baldanzi. A supreme effort has been made by union and management to overcome the suspicion, distrust, and resentment engendered in bitter years of struggle. It is too early to give a complete appraisal of the results of this program, but officials say that many more grievances are being settled now in the first stage.

SECTION V. UNION BARGAINING METHODS AND PRACTICES

George Baldanzi, executive vice president of the Textile Workers Union of America (CIO), is the top spokesman for the workers' organization. Labor relations at Botany Mills, as well as in other woolen and worsted mills in Passaic, are handled by the union at a lower level, however, than the national Textile Workers Union. The Passaic Joint Board, of which eight local unions in the Passaic area are constituent members, is a "union level" approximating that of mill managements for handling wage and labor matters in the woolen and worsted mills there. This board is fully responsible to the national union.

The joint board's business manager and executive director is Charles Serraino, a capable young union official who has come up through the ranks. The board has 50 elected members, chosen each year by secret ballot; 1 member for each 350 members in a local union. In addition to the president, vice president, and business manager, affairs of the board are directed by a board of trustees and an executive committee.

Questions at issue with management are handled first by the employees' local union. Only in the event of a disagreement are such matters carried before the joint board.

Mr. Serraino, in discussing the union's attitude toward its obligations and responsibilities, both as a collective-bargaining agent and a community factor, said:

We want to be a stabilizing influence in this community, and recognized by Passaic people, in and out of the textile industry, as a strong constructive force, with a definite mission, and making our contribution to Passaic's well-being. We want to get along in harmony, understanding, and fair play with the mill managements. We have our differences with them, naturally, but so far we have been able to equitably adjust them.

We want the friendship and good will of the people here—the merchants, the bankers, the newspapers, the churches, and social agencies, and workers who are in other unions. We have no interest in new "isms" and ideologies, and we are making this clear to the people here, who know well the injury they've had from Communist outsiders. Our mission, as a union and a board, is to help our members in every way we can, and through them, to make Passaic a better place to live. We aim to be known as a substantial, constructive, and beneficial force in Passaic, and in the industry where our people are employed.

Mr. Serraino's statement of his own objectives, and those of his board, finds corroboration among business and professional men in Passaic. He is recognized as a capable and able union leader.

The Textile Workers Union of America represented a sharp departure, in leadership, objectives, and procedure from the things in earlier unions to which Colonel Johnson and his associates so vigorously objected. The union's president, Emil Rieve, was recognized in the industry as progressive and responsible. A dominant union figure also was George Baldanzi, executive vice president. Through a series of informal conferences between Colonel Johnson and Mr. Baldanzi, an agreement was reached, and Botany's first union contract was signed.

Colonel Johnson and Mr. Baldanzi found a common viewpoint in their discussions. Mr. Baldanzi, like Mr. Rieve, had gained a reputation in the textile industry as thoroughly responsible in his leadership, fair in considering problems, and firmly adhering to commitments that he made. He had become known to textile managements as having a keen realization of the responsibility of unions as bargaining agents. The new program for Botany and its workers developed in a growing friendship that sprang up between Colonel Johnson and Mr. Baldanzi as the conversations continued. The personal tie between them has been a strong factor in crystallizing the satisfactory relationship that exists between Botany and its workers under the new program.

Of unquestioned significance in the agreement between them is the administrative framework within which the Textile Workers Union functions. Individual local unions and their officers, including the Botany local, exercise a degree of autonomy, yet the local officers, from the company's standpoint, have no special privileges or special seniority except with respect to lay-offs and recalls, and they do not play a part in the grievance procedure. They are company employees, devoting full time to production.

The Passaic Joint Board of the TWUA, consisting of 50 elected members from eight local unions in the Passaic area, has rather tight control over the eight locals; it reflects the policy of the national union. This board is the union's principal agency of administration in the Passaic Valley.

Charles Serraino, as business manager of the board, appoints five full-time assistants, who serve as business agents for the eight locals. The business agent for the Botany local is Michael Timko, a young man of Russian ancestry formerly employed as a wool sorter at Botany. Mr. Timko is an intense person, with a very strong sense of his own responsibility. His relations with Major Wildebush, of the management, are friendly and cordial.

Mr. Serraino typifies a new type of union leader in Passaic industry, where he is highly regarded. He carries out the union's policy as expressed by Mr. Baldanzi, his immediate superior. His contact is with General Phillipson, as Botany's director of industrial relations. With General Phillipson, he edited and revised the topical material used in Botany's labor-management school, discussed elsewhere herein.

In addition to the board's defined functions, Mr. Serraino has established an educational department, which is in charge of Miss Raye Hudson, formerly recreational director for the Passaic YWCA. Miss Hudson is a native of Ohio, and holds a master of arts degree from Columbia University. The function of her department is manifold, but not directly concerned with collective bargaining. An active recreational program for union members of all of Passaic's textile mills is carried on, and in addition, there are classes in vocational instruction, accident prevention. Assistance is given in legal problems.

This department works in close contact with the social agencies of Passaic, including the Community Chest and community welfare services, and is a point of contact between the board and other such groups in Passaic.

It is significant that practically all of the functions and services of the union relating to contract demands and negotiations, and the settlement of grievances, are conducted by the joint board, with Mr. Serraino as the responsible head, rather than by the respective local unions.

The Botany Mill is operating a full 6-day week with three shifts. The union anticipates the time will come when jobs will be scarcer; when the distribution "pipe lines" will be filled; when competitive pressures will be stronger and when unemployment will grow. Mr. Serraino and his associates express confidence in the merchandizing ability of the mill management—in their ability to meet style and fabric competition. The union spokesmen do not believe that a business and industrial recession, if it comes, will have the devastating sweep in low weekly working time, and low weekly earnings, that came in the twenties when silk was the preferred dress fabric of women.

Mr. Serraino says the employees' union is prepared to join with the management "to hold their competitive markets," and in making adjustments. He does not know what such adjustments may be, but he says: "After all, we are all in the same boat."

SECTION VI. EMPLOYER'S BARGAINING PRACTICES

Col. Charles F. H. Johnson, president of Botany Mills, is the top spokesman in management, capably assisted by C. F. H. Johnson, Jr., vice president and general manager, upon whom has devolved responsibility for execution of company policy. Success of the Botany program would seem to be as fully attributable to the personalities involved as to its effective interrelations machinery.

Colonel Johnson, a man of attractive and magnetic personality, is a dominant figure on the side of management. He has convinced officials of the union and the great majority of his employees of his sincerity, after long years of struggle against unionization, in now ac-

cepting the union and fully cooperating with it. There is no question as to his deep concern for the welfare of his workers, and he engenders strong loyalty to him personally, and to Botany as an entity, on the part of employees. He has developed a positive and consistent labor policy, which is effectively carried out by his subordinates.

Maj. Gen. Irving J. Phillipson, retired, is director of industrial relations. He came to Botany on September 1, 1944, with his retirement from the United States Army, replacing Henry F. Remig, who had been personnel director during the years of company resistance to the union. A West Point graduate, General Phillipson had an outstanding career in the Regular Army, and at the time of retirement he was director of the Army's emergency relief program, with Colonel Johnson as his assistant. The company had not previously had an industrial relations department.

Perhaps the greatest asset of General Phillipson is a genuine liking for people of all sorts and types; a sense of humor which constantly relieves tension, and allows him to deal with everyone on a friendly personal basis. Having come into Bontany's management only after its recognition of the union, he was not identified with the earlier management policy, and his approach and modes of thinking had not been colored by a habit of resistance to the union. The amiable and agreeable manner of General Phillipson has successfully bridged many of the differences with the union and with Botany workers since he assumed charge of industrial relations.

Maj. Joseph F. Wildebush, as assistant to General Phillipson, is Botany's director of labor relations. In this position he comes into direct contact with a large portion of Botany's employees, and is the intermediary with whom grievances are taken up by business agents and spokesmen for the employees' union. He practiced law in New York before the war, specializing in labor-contract work since 1936. In the war he served in the Industrial Relations Section of the Corps of Engineers and was directly in charge of labor problems with the building trades in relation to military construction projects in the areas of New England, of St. Louis, and north to the Canadian border, and in the area of Alaska. He joined Botany's management in 1945 after a military discharge for disability.

Since coming to Botany, he has been active in various community projects of Passaic, including selective service, veterans' placement and rehabilitation, and the suitable employment of disabled veterans. As the immediate contact of the company with its workers, his office is open to all comers, and his adjustment of grievances is sought by individual workers, and his advice on personal problems ranging from veterans' benefits and rent disputes to questions of love and marriage.

Major Wildebush has sought to establish his office, in the estimation of Botany's workers, as a service to the rank and file, where problems will be sympathetically considered no matter how inconsequential, where confidence is promoted, and where personal relationship between the management and its workers is developed. The measure of success he has attained in this effort is reflected in the fact that sometimes the union's own shop stewards have come to him for his advice as to the best method of disposing of worker's grievances that had been placed in their hands.

Charles J. Monks, retired chief of police of Passaic, and identified with probably the best police regime that Passaic has known, is chief of plant protection. Mr. Monks rose from the rank of a street patrolman, and for many years was chief of detectives in Passaic. He knows by sight a small army of petty thieves who have encountered the police, as well as the agitators, troublemakers, Communists, and others, who have flocked into Passaic in the past with the aim of stirring up labor discord, strife, and industrial war. Many of these persons are kept out of Botany's employ through his early identification, or in the thorough check that is made during the probationary period of 30 days, when a new employee may be discharged for any reason whatsoever.

Mr. Monks is rigid in his enforcement of fire protection and safety precaution rules. The employee who continues to ignore safety rules is told to "go and see Monks." Mr. Monks says he does not recall when an employee was ever sent to see him a second time.

"I believe in giving the worker the utmost latitude in his individual rights and freedom so long as he does not impinge on the interests of others, and remains fair with the company," he said. "We do not have a system either of inquisition or espionage here. In fact, two workers in this mill now are men who have served time for murder, and about six others have served time, too. I know who they are, but I won't tell. I believe every man has a right to absolute protection in his effort to go right, retrieve himself, and be a good citizen. We do that for them here."

SECTION VII. EVALUATION OF COLLECTIVE BARGAINING

On the whole, the labor-relations policy of Botany Mills seems to be working well. The policy and its application is being studied "on the ground" by other great industrial enterprises of the country. Scarcely a week goes by without officials of some vast or moderate-sized industry coming to Botany to study its management-labor program, and how problems with its employees are handled. In particular they wish to know if Botany's program can be transplanted to other industries or duplicated elsewhere with equally flattering result.

Today's rapprochement between managements and employees, and the degree of understanding and cooperation that prevails, finds spontaneous approval in Passaic. Business and professional men are hopeful and prayerful that it continue, and they are giving cordial encouragement to managements and the union to adhere to their present way of doing things. They speak in terms of commendation of Mr. Serraino, and the functioning of the joint board, and they voice approval of the "new approach" and "enlightened" policies of the managements.

William M. McBride, editor in chief of the Passaic Herald-News and associated with that newspaper since 1917, asserted that if Mr. Serraino can be retained in Passaic the possibility of recurrence of the disastrous labor conflicts in years past is greatly diminished.

I feel—

said Mr. McBride—

that the personalities of Mr. Serraino, Colonel Johnson, and Mr. Gardiner are our strongest insurance for the continuance of labor peace here. They can be described as "a happy combination." We feel that the union is well managed, and the workers, themselves, feel that it is well managed. There is genuine confidence in Passaic in its direction and functioning.

Inspection of the plant of Botany Mills reveals unquestioned evidence of good relations with its 6,000 workers. The Textile Workers Union of America (CIO) entered into a contract with the company in 1944, and the plant was unionized for the first time with the exception of certain old employees, and employees on leave in the military service. The management speaks proudly of the "happy state of affairs," and union officials agree that things are going well.

The measure in satisfactory relations is reflected on every side in going through the mill. As Maj. Gen. Irving J. Phillipson, director of the company's industrial relations, strides through the plant, he is greeted almost continually, often with a wave of the hand, by men and women at their work. Here and there a worker, who manifestly had military training in a foreign country before coming to America, comes to attention and gives the general a smart salute. And the general unfailingly responds to the greetings. Workers are intent at their looms, machines or other tasks, but a grumpy or grouchy face is missing. There is no visible evidence of discontent, of sullenness, or of workers who are unhappy in their occupation.

The strongly stabilizing factor in management-labor relations at Botany Mills is a will, manifest on both sides, to work in harmony and understanding. The will to maintain satisfactory and equitable relations is everywhere evident; it is the mode of approach to each problem as it arises.

Second, and equally evident as a stabilizing factor, are the personalities of the men in management and officials of the union upon whom devolve the tasks of management-labor relations. These personalities are exceptional. There is agreement among them that the basic consideration is to maintain production and employment at the highest feasible level. On both sides there is evidence of candid realization of responsibility, and recognition that the community of Passaic is dependent upon this and other of its mills for economic stability and employment opportunity, and that community fortunes are inextricably bound up in uninterrupted mill activity.

At Botany there seems to be a genuine effort on the part of management and labor to understand each other's problems. The rewards of workers in income or security do not appear to be any better than in typical auto or rubber or other representative mass-production plants. How, then, has the remarkable union-management cooperation been achieved? The problem of communication, that medium whereby the employees are informed as to the whys and wherefors of company policy has apparently been solved by the labor-management school. Important as it is, it cannot be the entire answer. The memory of 1926 when they didn't get along plus the personalities of the leaders on both sides of the bargaining table also enters into the picture. A comparison of the two periods also supports a conclusion that a profitable company may be in a position to have better industrial relations than an unprofitable one. The converse, that good industrial relations lead to greater stability and hence greater profitability, is probably an equally valid proposition.

THE B. F. GOODRICH CO., AKRON, OHIO

SECTION I. THE COMPANY AND THE LABOR FORCE

On May 3, 1871, Goodrich, Tew & Co. announced that it was in production of a variety of rubber goods in its Akron, Ohio, factory. The new firm, headed by Dr. B. F. Goodrich, had been organized with $18,000 capital and had 20 men on the pay roll.

From this modest beginning the B. F. Goodrich Co. has grown to the point where presently, at 77 years of age, it operates plants in 12 States and in Canada. It also provides technical assistance to, or is financially interested in, rubber companies in Colombia, Mexico, Cuba, France, England, Sweden, Holland, and New Zealand.

The principal plants and general offices of the parent company are located in Akron, Ohio; and it also operates plants in Los Angeles, Calif.; Miami, Okla.; Cadillac, Mich.; Du Bois, Pa.; Silvertown, Ga.; Clarksville, Tenn.; Marietta, Ohio; Troy, Ohio; Wilkes-Barre, Pa.; and Oaks, Pa. In addition, it operates the Hood Rubber Co., a division of the Goodrich Co., at Watertown, Mass., and Niagara Falls, N. Y., and the B. F. Goodrich Rubber Co. of Canada, Ltd., at Kitchener, Ontario, Canada. B. F. Goodrich Chemical Co. has its general offices in Cleveland, Ohio; and it operates plants in Akron, Ohio; Niagara Falls, N. Y.; and Louisville, Ky.; an experimental station at Avon Lake, Ohio; and a synthetic-rubber plant for the Government at Port Neches, Tex.

New research laboratories are located at Brecksville, Ohio; and a manufacturing plant to be operated by B. F. Goodrich Chemical Co. is being built at Avon Lake, Ohio.

The company manufactures some 30,000 different articles in five classifications: Tires and tubes, footwear, industrial products, plastics, and chemicals. It also manufactures textiles and rubber reclaim for use as component parts in its finished products. It employs approximately 30,000 production and maintenance workers, 14,000 of whom are in Akron; and it recognizes 20 different unions and 57 locals representing nearly 26,500 of these employees. Twenty thousand are members of the United Rubber Cork, Linoleum, and Plastic Workers of America, 6,500 in various other unions, and approximately 3,500 are not included within any bargaining unit. Over the recent years, in the Akron plants, employment expanded from 11,000 in 1940 to a high of 17,000 during the peak war production, and has now been reduced to about 14,000.

Only average intelligence and good physical condition are prerequisites to employment on most jobs, and the great bulk of the labor force could be classified as unskilled or semiskilled. The learning period for a new worker varies from 2 weeks to 8 months for a few jobs. The tire builders are usually regarded as the aristocracy among rubber workers, and they plus a few calender operators and tank liners are the most skilled production workers in a typical rubber plant.

The plants in Akron now operate on a 6-hour shift for production workers, 24 hours a day (four shifts), 5 and 6 days a week. Labor turn-over is about 2 percent a month, mostly among new employees. There are over 5,000 employees with service in excess of 10 years.

The wage rates in the Big Four rubber companies average about the same; however, no two companies have the same system of formulation. The B. F. Goodrich Co. estimates its wage and salary cost is 30 percent of the sales returns.

The Big Four companies, consisting of United States Rubber, B. F. Goodrich, Goodyear, and Firestone, control a large share of the rubber business and usually establish the pattern for the industry in wage rates and some other matters affecting labor relations.

SECTION II. HISTORY OF RELATION BETWEEN THE PARTIES

The development of collective bargaining at B. F. Goodrich is typical of the history of unionization of the rubber industry. B. F. Goodrich has been a follower, not a pioneer. In this field, as in most of the mass-production industries, the struggle for union recognition has been brief and stormy; successful only after Government encouragement. Early attempts at organization of the rubber workers met with little success and considerable company resistance.

After enactment of the National Industrial Recovery Act (NIRA) in the spring of 1933 membership in the unions grew considerably. From June 1933 to October 1934 the AFL chartered 75 locals (federal labor unions) in the rubber industry. The reason for this gain was attributed to unemployment, the speed-up system, and low wages, but Government encouragement, through section 7a of the NIRA, was probably the greatest contributing factor. It was during the depression period of 1932–33 that the 6-hour day was adopted to spread employment.

The rubber industry, including Goodrich, does not offer an exception to the general pattern of the period—declining hourly rates in 1930–32 and sharply declining earnings because of cuts in hours worked; increasing hourly rates and sharply increasing weekly earnings after 1933. This was in accord with the general scheme of NRA. The pattern worked out in nonunion as well as in union industries. But at the same time, owing to positive governmental encouragement, there was a broad increase in trade-union membership in all industries.

The special problem in the case of the rubber workers was that the old A. F. of L. unions laid claim to different categories of workers, while the situation called for an organization of rubber workers along industrial lines. Rubber, like autos and steel, had not been effectively organized until governmental policy gave encouragement to industrial organization.

In October 1933 the A. F. of L. sent Coleman Claherty to Akron to assist in organizing the rubber workers. Large numbers of workers flocked to the banners, but the effort was nevertheless largely unsuccessful, for their interest was not sustained. The A. F. of L. insisted on assigning the workers to the various craft organizations claiming jurisdiction, with the result that a man, recruited to the cause of unionism as a rubber worker, lost interest when his separate identity was lost in the craft organization.

The rubber workers' locals, in an attempt to strengthen themselves, appealed to the AFL for international status. A national convention was called in June 1934 to set up a united rubber workers' council. This council was dominated by the craft unions; the rubber workers, who had a majority of the membership, were given only one executive committee position out of seven. The council drew up a blanket agreement on wages, hours, and seniority rights, and presented it to the companies, who refused either to consider it or to deal with the council.

Strikes for union recognition were frequent in the industry during this period, but met with little success. The rubber companies, meanwhile, were sponsoring employee representation plans, enlarging recreation and employee-benefit programs, and actively resisting unionization of their employees. It was a chaotic period of unrest and uncertainty, the struggle of opposing forces searching for a new definition of their mutual interests.

A general strike in Akron appeared imminent when, on March 20, 1935, the oranizer for the AFL Goodyear local presented the company with a proposed contract, and it was turned down without consideration. The union responded with a vote to strike, and was supported the following day by similar action of the Firestone and Goodrich locals. Both the companies and the unions prepared for a general strike. The AFL unions in Akron had previously assured the rubber workers unions of support. Efforts to avert the strike appeared futile until, at the last minute, Secretary of Labor Frances Perkins called both parties to Washington. The companies refused joint conferences with union representatives, but a so-called "teacup agreement" was reached with Miss Perkins, which averted the strike. The main provision in the agreement was the postponement of Labor Board elections until pending court decisions on the validity of the NIRA were handed down.

The agreement met with a varied reception; by some it was a sign of progress in collective bargaining although it failed to provide union recognition; by others it was termed a distinct defeat in that it broke the morale of the rubber workers by agreeing to postpone the elections until after the court decisions were handed down. It was generally acknowledged that it prevented a general strike and provided some machinery for adjustment of grievances.

Shortly after the agreement on April 27, 1935, a strike was called against the India Tire & Rubber Co. It lasted 25 days and ended with the company repudiating the written agreement and the closed shop. The morale of the rubber workers further declined when the Supreme Court declared the NIRA unconsitutional.

In September 1935, the first rubber workers consitutional convention was held in Akron. AFL President William Green recommended election of Coleman Claherty as first president. The delegates, however, insisted on electing their own officers. Over President Green's objections, they defeated Mr. Claherty and elected Sherman Dalrymple, president of the Goodrich local, as the first international president.

In July 1936, the United Rubber Workers affiliated with the CIO and the first annual convention began on September 14, 1936, in Akron, Ohio. Considerable progress had been made during the year since their international was organized along industrial lines. The membership had grown from 4,000 to over 25,000.

On March 3, 1937, a 59-day strike started against the Firestone plant to obtain sole bargaining rights and the abolition of the company-dominated union. On April 12 the Supreme Court declared the Wagner Act consitutional, and on April 28, 1937, an agreement was signed. This was considered the most important single victory for the union because of its psychological effect on the members. On the same day the Firestone agreement was signed, United States Rubber, B. F. Goodrich, and Goodyear abandoned their employees representation plans.

The first contract

In August 1937, an NLRB election was held at B. F. Goodrich, and the union won an overwhelming victory. The vote was 8,212 for the union and 834 against, almost 10 to 1. Despite the fact that the company was willing to enter into an agreement, one was not signed until May 27, 1938. The Goodrich local, the best-organized rubber local in Akron, felt that a contract might limit its freedom of action. The union felt secure in its organized power.

The business recession that started in the summer of 1937 resulted in an attempt by many companies to reduce wages. Early in February of 1938, the B. F. Goodrich Co. and local 5 began a series of discussions concerning the effect of this recession on the level of operations in the Akron plants of the company. As the result of these discussions the company submitted to the union a formal proposal embodying the adoption of a flexible 6- to 8-hour work shift, the reduction of wage rates by approximately 15 percent and the signing of a collective-bargaining agreement. The company stated that if this proposal was not adopted it would be forced to undertake a program to decentralize a substantial part of its production from Akron. It estimated that eventually 5,000 jobs would be moved from Akron under such a program.

The entire community became actively interested in this problem. The Greater Akron Association made an appeal to the workers to accept the reduction in order that the industry would remain in the city. The union vigorously opposed the reduction as being unnecessary, and the local rubber unions in Akron banded together and requested a joint meeting with the companies to see if an amicable settlement could be reached. The companies, after some delay, refused to participate in a joint meeting, insisting that the problems could best be solved by each company and representatives of its employees. N. H. Eagle, Akron district director of the URWA (now its general organizational director) stated that the proposed wage cuts were not justified, and criticized the companies for failing to hold a joint conference with the union. In the meantime, the chamber of commerce appealed to the workers to accept the wage reduction, a move which was bitterly resented by the union.

The controversy aroused widespread public interest and was joined by the other rubber companies and civic and labor groups. At the request of the union, and by direction of the Conciliation Service, the Bureau of Labor Statistics made a study of wage rates, and issued a report dated April 27, 1938, generally interpreted as supporting the union's position that there was no justification for wage reductions in the rubber industry.

On May 4, 1938, the local union membership rejected the company's proposed program in a vote held by secret ballot. One week later

the plant was struck. This strike was ended on May 27, 1938, with the signing of the first collective bargaining agreement. Vice President T. G. Graham, representing the company, and L. L. Callahan, president of Goodrich Local No. 5, consummated this agreement. It provided for union recognition, seniority, vacation with one-half pay, and a grievance procedure with provision made to bring in a paid consultant on unsettled problems, with neither the company nor the union bound to accept his findings.

Since the traveling of this stormy road to union recognition, the relationship between union and company has been peaceful. There have been "wildcat" and "quickie" stoppages, but only one major strike, which occurred in 1945 over the company's refusal to recognize the Foreman's Association. This strike collapsed after 3 weeks when Local 5 decided to cross the foremen's picket lines. Although the association later won an NLRB election, it has never been recognized by the company. Since passage of the Taft-Hartley Act, the FAA has been quiescent at B. F. Goodrich.

During 1943 employment soared to a peak due to the demands of the war effort on the industry. In turn, union membership also grew to an all-time high. In 1942 the union gained a maintenance of membership clause in its contracts, and in 1946 a check-off of union dues was granted, both under WLB directive. The end of the war found the URWA entering the period of readjustment stronger than at any time in its history.

Union security provisions

At its September 1942 convention, the union reported some 32 agreements with maintenance of membership clauses. In 1947 the union had 121 such contracts of which 101 also included the check-off. In addition, there were 117 other contracts which included union shop (14), union shop plus check-off (65), or the check-off alone (38), for a total of 238 contracts which included some form of union security provision. There were no closed-shop contracts and only five shops with no form of union security.

This rapid expansion of union security is attributable, in large measure, to special problems created by the war, and to the directives of the National War Labor Board meeting those problems. Maintenance of membership, hitherto denied the union by the Big Four, was directed at B. F. Goodrich and Firestone by a War Labor Board panel directive in September 1942, and subsequently throughout most of the industry. In the B. F. Goodrich and Firestone case, the panel noted the union's need for security provisions in these words:

> Whatever discontent there is in a plant tends to funnel up through the union and to exert pressure upon the union representatives. The union argues that it needs a security clause in order to be in a stronger position to discipline its members and thereby keep the peace. While one may doubt how far the union would actually go in disciplining its members on account of plant disturbances or work stoppages, it does seem likely that a security clause assuring the continuance of the union's position would give to the union leadership more self-confidence and firmness in dealing with its members and in taking a stand for observance of agreements (3 War Labor Reports 231).

The Board granted a standard maintenance of membership clause. In the Goodyear case, decided May 21, 1943, the Board, in addition to maintenance of membership, granted the check-off. The check-off

was likewise granted by the Board at B. F. Goodrich and in the other companies as cases arose.

In 1946 all of the Big Four contracts included maintenance of membership and check-off. The agreement negotiated in October 1946, after demise of the WLB, between B. F. Goodrich and Local No. 5 eliminated maintenance of membership but retained the check-off for those members who failed to indicate their unwillingness thereto. The current B. F. Goodrich contract includes check-off for those members who individually authorize such deductions. Up to this time, contracts in force with the others of the Big Four retain both maintenance of membership and the check-off. The number of union security contracts throughout the industry increased from 210 in 1946 to 238 in 1947. The latter figure was taken before the effective date of the Taft-Hartley Act, the effect of which on this feature is as yet only speculative.

Hours

The workweek in the Akron rubber industry has been a short one since depression days when the hours were cut repeatedly in an effort to spread the available employment. During the early 1930's the normal workday in the Akron plants was 6 hours, with the average workweek in the low thirties. A 6-hour day and 5-day week has long been a goal of the rubber workers, but emphasis on the drive has, of course, varied with economic conditions in the industry. During the war years the NWLB directed the 8-hour day 6-day week as the standard work schedule, but in 1945 the rubber workers adopted a seven-point program which included the 6-hour day and 30-hour week. These demands were dropped in return for the Big Four wage increases of March 2, 1946, and March 22, 1947. Most of the Akron Goodrich workers are now on a 6-hour day with a 36-hour week, and the union is renewing its demand for a 5-day, 30-hour week throughout the industry. This is occasioned at least in part by a recent drop in employment, particularly in the Akron area. The industry is now abreast of the pent-up demand for tires and tubes, and employment in the Akron Goodrich operations has dropped from 17,000 to 14,000. Any further drops will be likely to increase the union's pressure for a shorter workweek, which has the effect not only of spreading employment but also serves to maintain union membership at a high peak.

The geographic wage differential

There has always been a substantial wage differential between Akron and the outside plants, with the exception of those in Detroit which pay the same high base rates as prevail in Akron. Existence of this differential, with its threat of decentralization of production to low-wage areas, has always been a factor in union strategy and policy. Generally speaking, the wages paid in the Akron-Detroit area have consistently been among the highest in any of the mass-production industries. A report on wages in the rubber manufacturing industry, August 1942, prepared by the Bureau of Labor Statistics, illustrates the wage differentials then in effect. Average hourly earnings for all male workers in the preparatory processes of the tire and tube industry were Akron-Detroit, $1.28; far West, $1.12; East, $0.98; South, $0.73; in the tire and tube processing, Akron-Detroit, $1.37; far West, $1.10; East, $1.09; and South, $0.80; or a differential of approximately 55 cents per hour between Akron and the southern plants. It should be observed, however, that these statistics refer to average hourly earnings, not base rates.

SECTION III. ANALYSIS OF PRESENT AGREEMENT

The 1946 agreement between the B. F. Goodrich Co. and Goodrich Local No. 5 of the Union Rubber, Cork, Linoleum, and Plastic Workers (CIO) is an elaborate and detailed contract. It provides and defines, at great length, the numerous procedures and conditions under which the employees will discharge their duties.

Grievance machinery as set forth in the agreement provides for problems to be handled first at the lowest level of management, the floor or shift foreman, and the employee or the union department committeeman. If no settlement is agreed upon, the matter is reduced to writing and then the department committeeman takes it up with the general foreman or production manager. If the general foreman and the department committeeman cannot come to an agreement, the problem is referred to the next higher echelon, the union division legislative committeeman and the general superintendent. The next step brings into conference the union plant legislative committeeman and the president of the union, with the manager of industrial relations for the company. If the grievance is not settled at this step, either the union or the company may, within 30 days, serve notice of its intention to refer the matter to a board of arbitration. Management submits a written answer at each step within 5 days, which, if not appealed at the next succeeding step, becomes final.

The company and the union agree on the selection of a permanent arbitrator who serves for the duration of the contract. When a dispute reaches the arbitration stage, the union and the company each selects a representative who, with the permanent arbitrator, constitutes the board which hears the dispute and renders a decision. The arbitration board may interpret the agreement and apply it to the particular case, but it does not have the authority "to add to or subtract from or modify" the terms of the contract. Arbitration is not permitted on the general wage scale. The board's decisions are final and binding. The expense of the permanent arbitrator is shared equally by the union and the company, and each party assumes the cost of its own arbitrator.

From January 1 to October 27, 1947, 1,218 grievance petitions have been filed with the company by Local 5, URCLPWA. Of this number 28 have been referred to arbitration, all at the instance of the union. Of these 28 arbitrated cases, 6 have been decided in favor of the union, 15 in favor of the company, and 7 have been in the nature of compromised decisions. Reducing these to a percentage basis, we find that 2.3 percent of all grievances filed have been arbitrated, and that of these 53.5 percent have been decided in favor of the company, 21.5 percent in favor of the union, and 25 percent as compromises.

The agreement requires the company to check off from wages of members all union dues and fees unless the member has affirmatively refused permission to do so. Failure to respond to a form letter is regarded as authorization for the check-off. This was changed in

September 1947, when the master agreement was signed, to conform to the Taft-Hartley Act by requiring individual authorization. Maintenance of membership, required by War Labor Board directive during the war, was eliminated from the 1946 contract.

Hours of work as set forth in the contract are based on the work available and limit the normal work day to not more than 6 hours and the normal workweek to 36 hours. The union, however, recognizes that there must be a certain flexibility to allow for periods of peak production, and the contract provides that in case of "extreme emergency" the employees are permitted "to work as are required." All work in excess of 6 hours in any one day, up to 8 hours, is paid at the regular rate; but after 8 hours of work, the rate of pay is time and one-half. Provisions are made to reduce hours in any department to a minimum of 24 hours per week before any lay-offs.

Employees are paid double time for work actually performed on Sunday or New Year's Day, Memorial Day, July 4, Labor Day, Thanksgiving, or Christmas.

Vacations are also provided for the employees: Those with five or more years of company service receive 2 weeks' vacation with pay, figured at 4 percent of their previous years' gross earnings. Employees with one or more, but less than 5 years of service receive 1 week's vacation with pay, figured at 2 percent of their gross earnings the year before.

A multitude of situations are covered by seniority in the contract, including lay-offs, recalls, transfers, and returning veterans. In the event of departmental lay-offs, the most recently hired employee will be the first dismissed; secondly, those in the department who have been transferred there temporarily from other parts of the plant; then employees who have worked the shortest period in that particular department.

The contract contains a clause providing that there will be no strikes or lock-outs during its duration, to assure uninterrupted production.

The contract described above was signed in October 1946 to run until April 1, 1947. Thereafter it was subject to termination by either party on 30 days' notice. It covered only factory workers employed in the Akron plants. Separate and distinct agreements were negotiated between the company and the various unions representing employees in the outside plants. A separate contract likewise covered office employees.

"Company-wide" bargaining

Simultaneously with its efforts to obtain an industry pattern on wage matters through joint Big Four bargaining, the union was making every effort to induce the major rubber companies to negotiate on other matters on a company-wide basis. United States Rubber was the first of the Big Four to accede to the union's demand for company-wide bargaining, signing such a contract January 27, 1947. While negotiations were still in progress with United States Rubber, similar demands were accepted by Goodyear, which signed February 11, 1947.

Following passage of the Labor-Management Relations Act of 1947, the union served notice of cancellation of the 1946 agreement with B. F. Goodrich and requested negotiations be commenced immediately for a new contract on a company-wide basis. Negotiations on the new

contract were not concluded until September 6, 1947, at which time B. F. Goodrich, too, signed a master agreement covering all the seven plants in which the rubber workers hold the bargaining rights. Supplementary contracts implementing the master agreement at the local level are now in the process of negotiation at each plant.

The master agreement has a number of changes and new provisions beneficial to the union members. One noticeable feature is that it does not contain a "no strike," "no lock-out" clause, and, according to the local union's official publication, "by eliminating such a clause, protects the union from prosecution for walk-outs under the Taft-Hartley law." There is some indication that the general counsel of the international may not adhere to this interpretation.

The principal gain for the union was the granting of six holidays with pay. It also contains a wage reopening clause providing that if reopened on a 60-day notice and the parties do not reach an agreement, the contract can be canceled any time after May 1, 1948.

The new agreement gives a discharged employee an extra day in which to petition his case, and if put back to work, he will be paid for all time lost instead of the maximum 30 days, as previously provided. Minimum reporting for work pay and many special rate wage guarantees were raised. The check-off provision was modified to require individual authorization, in conformity with the Taft-Hartley Act.

One important feature is the newly added section on severance pay, providing for employees having 10 or more years of continuous service who are released from employment at the age of 65 or because of physical or mental inability to meet the requirements of their jobs, or of any other job to which they might be transferred within the local plant, to be paid a severance award by the company. The award will equal 1 month's pay for each completed 5 years of continuous service. Members of the company's retirement plan will ordinarily have had company contributions toward their retirement income in excess of the amount of a severance award, and hence will receive no severance award.

SECTION IV. LABOR POLICIES OUTSIDE THE AGREEMENT

In mid 1945 an employee relations division was created in B. F. Goodrich, and the personnel policies and administration of the company have accordingly received increasing attention. Various employee-benefit programs have recently been surveyed and brought up to date; the personnel records section now makes extensive use of punched cards and business machines; training programs have been expanded; and new services have been added. Because of the far-reaching, though indirect, effect of these programs upon stability of the labor force and elimination of some causes of grievances, some of them will be discussed in the following pages.

Hiring procedure

A change in the hiring procedure has recently been effected which is designed to give the foreman a greater sense of responsibility as part of management. After a foreman submits a request for additional labor, the employment department interviews and examines applicants and then sends to the foreman a number of men tentatively accepted by the employment department. The foreman selects such of the applicants as he believes qualified. The worker is thereby

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taught to regard the foreman as the real boss and is more amenable to his discipline, and the foreman acquires a greater sense of responsibility.

Discipline

The company believes that such disciplinary action as may be required should be direct and immediate and forceful. The foremen are given adequate authority to enforce shop rules. On wildcat stoppages, both company and union report lack of cooperation by the other party. It was agreed in the latest collective bargaining contract that there shall be no consideration of a grievance during a work stoppage. The company feels that the union is dilatory and lackadaisical in getting the men back to work; whereas the union feels that the company will not supply such information regarding the cause of the stoppage as is required for the union to get the men back.

Training programs

There are three major training programs in operation at B. F. Goodrich; induction training for all new employees, operational training for all foremen, and development training for selected personnel.

(*a*) Induction training is provided for all new personnel to acquaint them with company policies and procedures. It consists of one day of lectures and films presented by the training division, and includes a brief history of the company, organizational break-down, pay figuration and deductions from pay, company policies and employee services, and employee-benefit programs. During the discussion of company policies, the instructor states that "It is the policy of the B. F. Goodrich Co. to operate on an open-shop basis, and the company is not concerned as to whether you are a member of the union or not. You did not have to be a member of the union to secure your job here, and from this time on your membership, or lack of membership, in the union is entirely a matter of your own choice." It is then explained that Local No. 5 of the URCLPWA is recognized as the bargaining agency for factory employees on matters pertaining to wages, hours, and working conditions, and that if the employee so authorizes the company will check off union dues.

(*b*) Development training for the men selected to receive it is intended to prepare them on a planned basis for the next job ahead. Within a few years the program should substantially strengthen the supervisory force from top to bottom. The process of selecting men to receive the training is somewhat elaborate. Each manufacturing division is requested yearly to indicate the number of men it will need to maintain or supplement its supervisory forces at the floor, shift, and general foreman levels. Then the floor foreman, or first level of supervision, submits names of direct workers he believes qualified for floor foreman training; the shift foreman submits names of floor foremen who have shown promise and capacity; and the general foreman, in turn, nominates shift foremen who are ready to assume departmental responsibilities. Each nominee is then requested to submit an application for the training if he is interested, the application including a statement by the nominee as to what he considers to be the functions and responsibilities of the job for which he is applying and a statement as to why he believes himself qualified. Each applicant is then interviewed by five or six members of operating management, each of whom records his impressions. After completing the interviews, the applicant is given a series of aptitude tests by the training department, and the personnel department prepares a statement covering the applicant's record. Final selection is made by the divisional superintendent, production superintendent, production manager, industrial relations assistant for that division, employment manager, training director, director of personnel, and a member of the training department who specializes in the interpretation of aptitude tests. The successful nominees are then given a training course consisting of 26 weekly meetings of 2½ hours each. These meetings are voluntary, and the trainee is not paid for this time. The material for development training is prepared by the training department with the assistance of the line organization and presented by a faculty of line and staff officials. The company is thus endeavoring to systematically estimate manpower needs, select the best-qualified applicants, provide specific training in all phases of future responsibility, and to have the men ready as openings occur. The program is now only about 1 year old.

(*c*) Operating training, quite different from development training, is intended to keep all levels of management properly informed on new policies and programs. Meetings are held on company time and attendance is required. Each operating training program is presented by the training department to the superintendent, managers, and general foremen in meetings with each group. It is then the responsibility of the industrial relations assistant of each manufacturing division to assist the general foreman in presenting the program to the shift foremen and floor foremen. Some of the operating training programs recently released were concerned with introduction of a new lunch-canteen system, a change in employment procedure, discussion of the labor contract with a view to obtaining suggestions for negotiation of the new contract, works operating summary (a program designed to permit each foreman to measure the efficiency of his use of machines and manpower), and changes in standard practice. This latter refers to the use of the Standard Practice Manual, consisting of a bound pocket-size notebook kept up to date containing the current labor contract and standard practice of the company in various situations. Considerable time and attention is devoted in the training program to the standard practice and the union agreement, so that foremen will properly interpret and apply company policies and know and understand the contractual side of labor relations.

To further assist the foremen in proper interpretation and application of company policy and to assure uniformity, there is in each division an industrial relations assistant, who is the personnel and industrial relations staff man in that division, serving as liaison between the line organization and the central personnel and industrial relations departments. The company believes that, in the administration of the grievance procedure, no foreman should be bypassed and problems should be handled by the floor foreman's application of what is or will be the company's policy throughout on that particular question. The industrial relations assistants are in the background to advise and assist the foreman in carrying out this responsibility.

No attempt is made by the company to educate union representatives in administration of the grievance procedure, or to eliminate areas

of disagreement in interpretation of the contract. The union conducts meetings of its committeemen to familiarize them with current problems and instruct them on interpretations and methods of approach.

Employee services renders advice and counsel to both office and factory employees on a great variety of subjects. The counselors offer a ready ear for employees with gripes and complaints, and render assistance in getting pay check errors straightened out, maintain a housing service, conduct exit interviews, handle garnishments and attachments, and generally assist in solving personal problems of employees. The service is rather new, but it is anticipated that as employees become better acquainted with it, some of the pressure will be taken off the grievance procedure.

The service also operates a suggestion system which receives some 3,400 suggestions per year, of which about 1,000 are adopted. Rewards to employees for suggestions which were adopted cost the company approximately $25,000 last year.

Employee benefit and welfare programs

Retirement: B. F. Goodrich has had a voluntary insured retirement plan in effect since 1934. The program was revised in 1938, but participation was very low, only about 30 percent of the employees contributing. Recently the company undertook an educational campaign to inform employees of the benefits of participation. This resulted in an increase of membership to approximately 85 percent of all employees. The plan is voluntary and all employees are eligible after 1 year of service. Members contribute, in the form of monthly deductions, 2½ percent of the first $3,000 of earnings per annum, plus 5 percent of any excess. The company contributes a variable amount toward the fund, depending upon the employee's age, the contribution increasing with the age of the employee. Retirement age is 65 for men and 60 for women, at which time a monthly annuity for life becomes payable, the annual amount of which is three-fourths of 1 percent of the total earnings on which the member has contributed at the rate of 2½ percent plus 1½ percent of the total earnings on which he has contributed at the rate of 5 percent. There are optional forms of settlement which include a death benefit or joint annuity in reduced amount continuing for the life of a beneficiary. If the member leaves the service of the company before reaching retirement age, he may withdraw the full amount of his contributions with interest, or he may leave his contributions in the fund and receive the amount of annuity purchased by his own and the company's contributions.

Group life insurance: Group life insurance is available to all employees with at least 3 months service, the amount available varying from one to one and one-half the employee's annual earnings, at a cost to the employee of 60 cents per month per thousand. Approximately 90 percent of all employees participate.

Group hospitalization is available to all employees who are members of the group life insurance plan. The program has recently been revised and expanded so that, in the opinion of the company, it now compares favorably with any plan available. Employees having less than $5,000 group life insurance (the great bulk of factory employees) will be eligible for a $6 daily room benefit. Daily room benefits are provided for a maximum of 31 days for any one disability, pregnancy

being considered a disability for female employees. Surgical benefits up to $100 are provided for employees only, and additional hospital charges up to $30 are provided. Maternity benefits for a dependent wife are paid at the flat rate of $60. The monthly cost to the employee for himself alone is 95 cents, for one dependent it is $1.65, and for a family it is $2.35. Proportionately higher benefits and premiums are provided for employees who carry more than $5,000 group life. Approximately 76 percent of all employees participate in the group hospitalization.

Sickness and accident insurance is also available to employees participating in the group life program. The benefit for male employees is $15 per week starting on the eighth day after illness or injury for a maximum of 13 weeks at a cost of 75 cents per month. Higher rates and lower benefits are in effect for female employees. Benefits are available only where workmen's compensation is not available. Participation is low and the program is now being surveyed with a view to bringing it up to date and increasing participation.

It is noted that participation in any of the insurance programs except retirement is dependent upon membership in the group life insurance program. Inasmuch as the various welfare programs have been in effect for varying lengths of time (some antedating unionization) and the percentage of employees participating in each plan is different, no attempt will be made here to appraise the effect of the program in terms of work stoppages, labor turnover, number of complaints, or worker satisfaction.

It should be mentioned that the company does not feel that the various insurance and welfare programs are proper subjects for negotiation with the union. One reason is that negotiation of a separate program with each of the 20 international unions with which the company bargains would largely destroy the benefits of group participation. The company has explained the provisions of the insurance programs to the union but reserves exclusive determination to the company. This presents a sharp contrast to some other industries where welfare funds are jointly administered or where the employee makes no contribution but the terms and conditions are dictated by the union and included in the contract. Similarly, management reserves to itself exclusive control of hiring procedure, training programs, and exercise of disciplinary measures, the latter subject to the grievance procedure.

The incentive system of wage payment

Nearly the entire rubber industry operates on some form of incentive system or piecework basis. Only those employees working on jobs not susceptible to this type of calculation are hourly rated. The type of incentive system used and method of calculation varies considerably from one company to another; however, the average hourly earnings of workers on the same job at the various plants within an area are very close. The union reports that application of piece rates has resulted in substantial wage inequities between various plants and between companies.

B. F. Goodrich operates on a modified Bedaux system of incentive pay. Each job is carefully analyzed by time study and job evaluation experts, and the operation broken down into work units, or B's, as they are called. The worker is given a base rate of pay for

60 B's, which is also his guaranteed minimum hourly earning. A worker who cannot produce at this minimum rate is either transferred to another job or dropped for inefficiency. Experience has demonstrated that the average experienced worker on a 6-hour shift can produce at the rate of 85 to 90 B's per hour. Thus, for example, if the base rate is 80 cents, the rate per B is 80/60, or 0.0133. This, multiplied by his actual production in terms of B's, plus the 30-cent per hour general increase negotiated by the Big Four agreements, becomes his actual earnings. At present, the base rates for jobs in the Goodrich Akron plants vary from 59½ cents to $1.135, plus 30 cents per hour. There is also a three-cent per hour differential for any work done between 6 p. m. and 6 a. m. Most shops work around the clock.

While there is no ceiling placed on earnings by company rules, practices or contract terms, company officials stated there was an effective production ceiling imposed by the workers, that if a worker produced much above average for his shop he was usually approached by other workers who succeeded by one means or another in convincing him of the wisdom of maintaining a steady average production. There is little evidence that the union as such sponsored any such tactics, although the company believes it to be the result of union policy. On the other hand, the union regards the Bedaux method as a vicious system of wage payment, asserts that the 60–B minimum is too high, and alleges that workers know that if they consistently earn too much they are in danger of receiving a piece price cut.

Productivity, unit labor cost, job evaluation

The question of productivity of the labor force and unit labor cost was discused with officials of B. F. Goodrich, who stated that such statistics as were available on this subject were meaningless in terms of comparisons with similar statistical data for earlier periods. This is true because very few jobs in today's rubber plants are comparable on even terms with jobs existing before the war. With the use of various synthetics during the war many new processes and methods were introduced. Synthetics are much slower and more difficult to handle in some operations than was natural rubber, and much easier in others. Many new products are being manufactured out of synthetics for which there was no comparable job in the prewar factory. With the end of the war and the return of natural rubber in volume, processes were again modified so that jobs today involve operations distinct from those required by either wartime or prewar operations. Thus, even though unit labor cost for a given product or operation may be calculated today and compared with an earlier period, it is almost impossible to assess the proportionate responsibility which each factor bears to the whole. Differences in the raw materials, the processes, the machinery used, hours worked per day and per week, effects of increased employee welfare benefits, job security, attitude of the union, and economic conditions in the community, are all factors influencing productivity.

It is the feeling of company officials that productivity has substantially decreased from the prewar base, in excess of that attributable to changes in raw materials, processes, and machinery. The company feels that part of this decrease could be attributed to union pressure and attitude. Part, however, has undoubtedly been the result of an excess of jobs available over the supply of labor, which resulted in a feeling of independence on the part of the individual worker, and slackening in his desire to put forth extra effort. These are factors which are incalculable in degree. The shortage of labor has now passed its peak and there have been a few relatively minor lay-offs in the Akron area. It will be interesting to note whether or not increased availability of labor results in increased production per man-hour.

During the 1938 Goodrich controversy, after the company had indicated its intention of reducing wages, the Bureau of Labor Statistics, at the request of the union to the Conciliation Service, sent A. F. Hinrichs, then its chief economist, to Akron to make a study of wage rates. The report, dated April 27 and made public May 14, 1938 (when tension between the parties was most severe) stated, inter alia:

> Such evidence as the Bureau of Labor Statistics now possesses indicates that there is no justification for a general wage decrease. The increase in the productivity of workers in the tire and tube industry has been remarkable. Wage rates have not risen as rapidly as output per man. (Hinrichs memorandum to J. R. Steelman dated April 27, 1938.)

An earlier report of the BLS stated that—

> During the period from 1922 to 1931 the man-hour output of tires has nearly doubled (BLS Bulletin No. 585, July 1933).

Job evaluation and time study

At B. F. Goodrich, each job is carefully evaluated by engineers, from which a job classification is made and the base rate determined. Incentive standards are then established by time studies. When new materials, processes, or machinery are introduced, the job is restudied and a new incentive standard fixed. If the change is of a substantial and fundamental nature, a new base rate may also be established. In none of these steps does the union have any voice. All determinations are made exclusively by the management. If the new standard or base rate is unsatisfactory to the union, a grievance is filed and the union is permitted to examine the data on which the standard or base rate was determined. If no agreement can be reached, the union is permitted, at the last step in the grievance procedure before arbitration (or earlier by mutual agreement), to employ its own time study engineers to make an independent analysis for subsequent submission to the arbitrator.

The union feels that the incentive system at Goodrich is much too complicated and too rigidly applied, resulting in an undue number of grievances. Incentive systems in the rubber industry are, however, so firmly established that the union sees little prospect of their elimination. No serious effort has been made by the union in any of its negotiations to substantially modify the system, its demands having been limited in this field to general wage increases, adjustments of inequalities and inequities, and to union participation in fixing the rates.

SECTION V. BARGAINING METHODS AND PRACTICES

Big Four bargaining

Growing decentralization of the rubber industry, area wage differentials, and unorganized plants were regarded by the union as a constant threat to the stability of the industry and the security of

the union. These factors have been considered a constant threat to high wages and full employment in the Akron area. In addition to a determined effort to organize the smaller plants outside the Akron area, the union has sought to formulate uniform wage demands and to bargain on a company-wide and industry-wide basis. This process was considerably hastened during the war years under the influence of Government agencies.

Of the numerous agencies concerned with the rubber industry and its problems during the war, the National War Labor Board unquestionably has left the greatest imprint upon collective bargaining. In performance of its duty to stabilize wages, the War Labor Board adopted an industry-wide approach to the problem. In 1942 a WLB panel recommended an 8-cent cost-of-living adjustment to workers in the Akron area. On appeal, the NWLB denied this increase on the ground that such an adjustment would unstabilize wages in the industry as a whole. By crediting wage increases in other parts of the industry against the allowable adjustment in the tire and tube industry, the Board reduced the increase allowable under the Little Steel formula to 3 cents, which amount was granted as an industry-wide adjustment. (See 8 War Labor Reports 537, for Board's directive order.) The union offered strenuous objection to the Board's industry-wide approach in these particular cases, since it operated to reduce the increase otherwise allowable in Akron.

It was, then, the NWLB which initiated industry-wide consideration of wage questions in the rubber industry, but this approach was continued after the demise of the Board at the insistence of the union. In December 1945 the union selected a strategy committee representing the Executive Board and the Big Four local unions, which committee was charged with prosecuting the union's program for uniform wage agreements with B. F. Goodrich, Goodyear, Firestone, and U. S. Rubber. After a meeting of the strategy committee in Washington, D. C., January 23–28, 1946, a statement was sent to each of the Big Four companies advising that the United Rubber Workers were convinced that the most logical basis for peaceful settlement of their wage-and-hour demands was through joint negotiations with the Big Four rubber companies, and requesting such joint negotiations be initiated within 10 days. Following the replies of the companies declining the proposal, the executive board of the union agreed that strike action was to be taken on March 4 against any or all of the Big Four with whom satisfactory agreement had not been reached. After further exchange of communications, the companies agreed to negotiate jointly on wage questions, and were represented in the discussions which followed by Lisle M. Buckingham, prominent attorney of Akron, Ohio. On March 2, 1946, a memorandum of agreement was signed by the union and the companies providing for a general wage increase of 18½ cents an hour, and requiring that any further negotiations on the wage scale during the 1-year life of the agreement be conducted on a Big Four basis. This agreement had much to do with extending the pattern first set by Big Steel for an 18½-cent increase throughout most of the country's mass-production industries during the spring of 1946.

That the Big Four agreement was intended by the union to set the pattern throughout the industry is clearly indicated by the report

of General President L. S. Buckmaster to the eleventh annual convention of the rubber workers.

> The officers and other representatives of the international union in cooperation with the officers and members of our local unions formed the lines of strategy in our fight to obtain wage increases during the several months following the end of the war. By carefully planning each move and by working in harmony with one another, we succeeded in setting a wage-increase pattern in the Big Four rubber companies which has been quite successfully negotiated with a majority of the other companies in the industry. * * * That fight is still in progress, with approximately 13 local unions representing some 10,000 members now engaged in strike action in an effort to secure a settlement on the wage issue. * * * Another major program which has been undertaken during the last year is the attempt of the international union officers and staff members to give direction and supervision to a program designed to achieve uniformity in the collective-bargaining contracts held by the local unions in the several groups of plants operated by the larger rubber companies. (Report of the General Officers, Eleventh Annual Convention, September 16, 1946, p. 12.)

Efforts of the union to establish a wage pattern through Big Four bargaining were eminently successful. A study of the contracts between the rubber workers and rubber companies apart from the Big Four indicates that, as of June 30, 1946, 135 of the total of 189 did not deviate materially from the pattern set by the Big Four. Thirteen of the remaining contracts were in the process of negotiation, and in others the wage question was yet to be negotiated.

It should be observed that conformity to this pattern set by the Big Four is limited to wages. In some cases other concessions were accepted by the union in lieu of a portion of the wage increase. The Big Four steadfastly refused to bargain jointly on other provisions of their contracts. The union then set up a committee to formulate uniform demands and to induce the Big Four to bargain on a company-wide basis. In this the union was unsuccessful at that time and was forced into attempting to negotiate the uniform-contract proposals on a local union-plant basis.

By October 1946 the union felt that the cost of living had so increased, and company profits were large enough, that the time had come for additional wage increases. Accordingly, a meeting of the executive board, together with the international policy committee (strategy committee), was called in South Bend, Ind., at which it was determined to make a uniform demand for a wage increase of 26 cents per hour, subject to upward revision in the event of a further increase in the cost of living prior to settlement. The committee further decided:

> That the procedure for effectuating this wage policy be spearheaded by the local unions in the plants of the Big Four rubber companies. * * * That the international union immediately notify the Big Four rubber companies of this wage policy and request that negotiations be opened on a Big Four basis as soon as possible pursuant to the provisions of the March 2, 1946, agreement. (Report of the Executive Board, Twelfth Annual Convention, p. 4.)

The international union simultaneously advised all local unions outside the Big Four to make a similar demand upon the employers wherever their agreements permitted a wage reopening.

After considerable delay, Big Four negotiating sessions on the 26-cent demand were opened in Cincinnati, Ohio, on January 27, 1947. After several days of discussion, the companies insisted upon a 90-day adjournment, which was resisted by the union. Negotiations were resumed March 5 and continued until March 16, at which time

the best company proposal was a general wage increase of 10 cents per hour retroactive to March 3, 1947, instead of November 1, 1946, as demanded by the union. The union's policy committee rejected this proposal and notified its locals to take strike action at midnight March 23. Negotiations continued and a settlement reached March 22 provided for a general wage increase of 11½ cents per hour retroactive to Februaury 2, 1947. It also provided that either party could reopen the contract after 4 months on the wage issue. Subsequent negotiations were permitted on either a Big Four or individual company basis. Lisle Buckingham again represented the Big Four in these negotiations.

Mr. Buckingham advised the writers that, inasmuch as the union's demand for a wage increase was predicated upon the large profits the rubber companies were reputed to be making, the companies prepared very extensive material on the economics of the industry analyzing in some detail the balance sheets and profits-and-loss statements, and showing distribution of the sales dollar, proportionate labor cost, the need for building up surplus and reserve, and like matters. The first 3 or 4 days of the negotiations were devoted to presenting this material to the union representatives. Mr. Buckingham observed that this disclosure was wholly different from that demanded of General Motors by Walter Reuther in that it was not an analywis of the company's ability to pay, but was rather a lesson in basic economics. Union officials later used much of this material in persuading the membership to accept the negotiated wage increase in place of their original demands.

Once again the agreement reached with the Big Four established a pattern to which conformity was expected and obtained from the rest of the industry. At the twelfth annual convention the general vice president was able to report that 167 local unions outside the Big Four had been able to obtain wage increases in line with the Big Four settlement.

The personalities who influence bargaining methods and policies

The conduct of labor relations is always at least partially dependent upon the human relations involved. In the collective-bargaining processes accompanying negotiation for a new contract, in the administration of the grievance procedure, and in day-to-day union-management relations, the character and personalities of the men involved may often spell the difference between an amicable and harmonious relation and armed truce.

Of the personalities involved in collective bargaining in the rubber industry, Sherman Dalrymple has probably exerted the greatest single influence. He started as a tire-curing worker at B. F. Goodrich many years ago. During the organizing efforts of the AFL from 1933–35, Dalrymple rose to prominence in the Goodrich local. At the first convention of the rubber workers in the fall of 1935, William Green urged the election of Coleman Claherty, AFL organizer, as first president. But a membership of only 4,000 after 2 years of organizational effort left the rubber workers dissatisfied and determined to have a change of leadership. The convention elected, over the opposition of Green, Sherman Dalrymple as its first president. The general executive board included Leland S. Buckmaster, who is

now general president, and Nathan H. Eagle, who is now general organizational director.

Under Dalrymple's leadership, the rubber workers left the AFL to become a part of the new CIO, and grew in membership from 4,000 to 190,000 in 1945 when Dalrymple resigned. The officials of B. F. Goodrich regarded Dalrymple as a stable, conservative, and highly responsible union official. His advice to the delegates at the 1945 convention at the time he submitted his resignation is typical of his approach. He then advised the members to abide by the union constitution, to observe the provisions of the union contracts and show themselves thoroughly responsible. "To break any portion of an agreement is a clear indication of irresponsibility and cannot be condemned too severely. At the same time, insist that other parties to contracts with you adhere strictly to the terms of the provisions set forth."

Leland S. Buckmaster succeeded to the general presidency in 1945 and retains that post at the present time. He had previously been a tire builder at Firestone, then president of the Firestone local and member of the general executive board of the international. He is well regarded by industry officials, who state that the rubber workers, under his leadership, is one of the more responsible unions in the mass production industries.

The general vice president of the URCLPWA is H. R. Lloyd, who was formerly an organizer for the union. He has the reputation of being more militant and aggressive, less conservative than Buckmaster. He is of the belief that the large companies will take full advantage of any opportunity afforded by the Taft-Hartley Act to "break the unions." He cited his experiences as an organizer during the period when the companies were exerting every effort to prevent unionization of their plants to support his opinion that the employers hated the union and would stop at nothing to destroy it. He resents any limitations placed by law upon use of the strike, the threat of which he declares to be the only means by which employers are induced to bargain with the union at all.

General counsel of the URCLPWA is G. L. Patterson, who presented the testimony before the Senate Labor Committee on behalf of Mr. Buckmaster in the hearings on S. 55 and related bills. He was unavailable for interview at the time this study was made, but has the reputation of being a sound, conservative, level-headed, and reasonable man, whose influence in union councils is considerable. He has directly participated in most of the major bargaining negotiations and the work of the policy committee.

Local 5, the Goodrich local, is headed by George Bass, president. He was first elected in 1941 and has held office continuously since, except for 1 year, 1945–46, when he was defeated by John Saylor. He is also a member of the general executive board of the international and as such exercises considerable influence in board deliberations. During the recent contract negotiations with B. F. Goodrich, Bass demanded a small horizontal wage increase. The union had won six paid holidays from Goodyear, and B. F. Goodrich countered with an offer to give its employees six paid holidays. Actually, the holidays amounted to as great a monetary loss to the company as would the wage increase; however, the company feared that this was merely an attempt to play

one company against the other and would lead to demand on Goodyear for wage increase and on Goodrich for paid holidays. B. F. Goodrich refused the wage increase, and the union bargaining committee, over the objection of Bass, accepted the six paid holidays.

John Saylor, president of local 5 during the 1945–46 term, is still a figure of some influence within the local. He is employed at B. F. Goodrich and regarded by many as more conservative than Bass. Jules Geller is leader of a small faction characterized as left-wingers. He is also editor of the Air Bag, the local 5 publication. Bass accepts advice from both Saylor and Geller and works in harmony with them, whereas the local was split among several factions during the tenure in office of Saylor.

For the company, Mr. T. G. Graham is vice president in charge of manufacturing and exercises considerable influence upon labor policies of the company. Mr. Graham spoke for the company in hearings before the Senate Labor Committee. He was directly responsible for the company's labor policy during the earlier drives for unionization and recognition and relinquished this responsibility only a year and a half ago when J. Ward Keener was named vice president in charge of employee relations. Keener came to B. F. Goodrich in 1939 after serving for 9 years in the economics department at Ohio Wesleyan University. He then served in several different branches of management and as assistant to the president.

B. F. Goodrich management believes that labor matters are best handled by immediate, direct, and decisive action at the lowest possible level. They feel that most union demands encroach upon management prerogatives to some extent, and think that all decisions affecting production costs and operating schedules should properly be made by management alone, leaving the union to challenge such action through the grievance procedure, with arbitration the terminal point in matters concerning application of the contract. They do not believe that such matters as employees benefits under insurance programs are proper subjects of negotiation, and reject all suggestions for joint union-management committees.

Mr. Keener's principal assistants are Mr. D. D. (Mike) Reichow on corporate personnel and labor policy, and Mr. A. D. (Tony) Eastman on Akron personnel administration Reichow has been dealing with union problems for B. F. Goodrich since 1937, and has been a part of management since about 1925, although he is still a young man. Local union officials spoke highly of Reichow and indicated that they preferred dealing with him than with any other company official. Despite the elaborate detail of the contract, much is necessarily left to day-to-day interpretations and applications of the agreement, and Reichow apparently is better able to recall the details of negotiations leading up to settlement and therefore makes decisions which the union feels more accurately reflect the intent of the parties.

Mr. Eastman came to B. F. Goodrich some 3 years ago from Kenyon College, where he had been professor of German and student dean. He is an affable and energetic young man who has streamlined the company's personnel administration and placed increasing emphasis on the various training programs which have been discussed in greater detail heretofore. By making his department operate more efficiently he has done much to relieve pressure on the grievance procedure.

The influence of one other gentleman looms large in industrial relations matters in the rubber industry. He is Lisle M. Buckingham, an attorney in Akron. Mr. Buckingham is not concerned with day to day union contacts nor with individual plant negotiations. He has, at various times, represented the Big Four and other rubber companies in major negotiations with the union or before the NLRB and NWLB. In the negotiations leading up to the "Big Four agreements" of March 1946, and March 1947, Buckingham represented all of the companies, not only as legal counsel but as actual negotiator. He spoke very well of G. L. Patterson, the union's general counsel. Union officials likewise indicated a high degree of respect for Buckingham's ability and integrity and fair dealing. This mutual respect has undoubtedly facilitated negotiation.

Impact of the Taft-Hartley Act

Passage of the Labor-Management Relations Act of 1947 has had little impact on the conduct of labor relations with the URCLPWA at B. F. Goodrich up to this time. The company does not anticipate that its policies or relations will be greatly affected. There is virtually no organizational activity remaining at B. F. Goodrich (at least in Akron), there is neither a closed shop nor a union shop and the check-off already meets requirements of the act, there is no welfare fund involved, and the industry is relatively free of jurisdictional disputes and secondary boycotts. Labor relations between B. F. Goodrich and the union have, for the most part, been conducted on a basis which will not be altered by requirements of the act.

The attitude of the international officers toward the act is similar to that of many top CIO officials. They consider it a definite move to destroy or effectively weaken the trade-union movement. Most of their criticisms were in the nature of general vituperation without reference to specific problems of the rubber workers. In other instances they had arrived at interpretations of the act which probably do not reflect the legislative intent and may or may not coincide with subsequent official decisions.

In some specific situations, the union is fearful of consequences of provisions of the act. In the past, contracts have usually provided for a reopening on the general wage scale after proper notice, all other provisions of the contract remaining in full force and effect until termination date. Under the present statute, the union feels that it has been deprived of its power to renegotiate the wage question during the life of a contract by denial of the right to strike in the event of failure to agree. The union has accordingly adopted a policy of signing contracts terminable on 60 days' notice 6 months after signing. This solution is not, however, acceptable to the union inasmuch as cancellation of the contract results in loss of the check-off of dues and other benefits to the union.

The union is also concerned with the effect of section 9 (b) (2) permitting craft severance. The great majority of employees in a rubber plant do not belong to any genuine craft group, but there are numerous crafts represented by very small groups of employees who may wish separate representation.

The seven or eight pattern makers in the B. F. Goodrich Akron plants are presently recognized as a separate bargaining unit, and some of the outside plants have a number of separate bargaining units.

The union contends that further craft severance will lead to jurisdictional disputes, wage inequities, and unsettled labor conditions, as well as higher costs to the employer for time spent negotiating with many different units. The company has not experienced serious difficulties in its plants where crafts are separately represented and does not anticipate that craft severance will complicate its problems.

With reference to section 8 (a) (3), the union officials felt that it was unfair to require a majority vote of the entire unit rather than the majority of those voting. Their interpretation of section 9 (f) B (2), pertaining to the furnishing of financial statements to each member, was that it would require the union to mail each of its 208,942 members a financial statement, a procedure that would entail added expense to the union. They were not objecting to revealing the financial affairs of the union to its members, pointing out that they already publicize their reports, but they objected to the method they would have to employ to protect themselves from possible action from a member or "company stooge" who might fail to get the report if publicized other than by mail.

When asked if they thought the recent survey of the individual sections of the act by Look magazine, September 30, 1947 (pp. 68–71), reported a fair cross section of labor opinion, Assistant General Counsel Robert Shuff answered, "If asked those questions separately, we'd also agree." He stated they agreed with many of the broad purposes but not with the wording of the bill. Mr. Shuff prepared and submitted to all international representatives and local unions an analysis of the act.

The report of the general executive board to the 1946 international convention reveals that General Secretary-Treasurer Charles E. Lanning was sent to the school for political action technique held under the auspices of the national PAC in Washington, D. C., June 26–29, 1946. The international also contributed $2,000 to the PAC fund. During the 1947 international convention N. H. Eagle, the general organizational director, made the following comment on the coming problems of organizational work:

> During the last 12 months we have witnessed a growing resistance on the part of employers to labor organizations. In this resistance they have been assisted by the National Labor Relations Board, which has handed down a series of decisions leaving the door wide open for employer interference in organizing campaigns and in elections.
>
> Of course, the big antilabor drive was finally crowned with passage of the Taft-Hartley bill. This will make new organization work exceedingly difficult, since it ties the hands of labor while putting new weapons into the hands of employers. Unorganized workers have little protection under the law against unfair and unscrupulous employers. It means that in future organization we shall have to depend upon the strength and courage of our own organization and of labor generally. However, labor has always had to make progress the hard way, and if we have to do it that way in the years to come, we shall do it, and I am confident we shall do it successfully. The struggle may be hard, but out of it we will get a more militant and a more determined membership.

The internatinnal union is very alert to political action. It has placed on the staff two special representatives whose duties are to assist local unions in setting up PAC's. The United Rubber Workers International Union has a six-point program, namely, repeal the Taft-Hartley Act, repeal various State antilabor legislation, change the minimum wage to 75 cents, eliminate poll tax as a voting requirement, enact FEPC legislation, and move to create a 6-hour day, 30-hour week, in all industry.

The URCLPWA complied with the filing requirements of the act on October 29, 1947, and suggested that its various locals do likewise.

SECTION VI. EVALUATION OF COLLECTIVE BARGAINING

Labor relations at B. F. Goodrich appear to be reasonably stable and conducted on a sound businesslike basis. One senses no feeling of bitterness or petty antagonism between the union and the company, and there is a fair degree of cooperation with no particular problems or sore spots likely to cause undue trouble in the immediate future. On the other hand, there is lacking a sense of community of interest, mutual respect, and desire to work together toward a common goal. Management of this company feels that union demands frequently, if not always, impinge upon traditional management prerogatives, and are directed toward acquiring increasing control of the wealth of society for the benefit of one class. Management, on the other hand, acknowledges that it has responsibilities to the great consuming public and its own shareholders as well as to its employees. It feels that trade unions exercise an important and valuable function in our industrial economy, but that the power of unions should not be permitted to preclude proper regard for the welfare of the rest of society. In the view of the company, most decisions should be made by management unilaterally, leaving the union free to protect the interests of its members by challenging such decisions through the established grievance procedure with arbitration the terminal point in matters concerning application of the contract.

In contract negotiations, the union has persistently sought to enlarge the bargaining unit. With Government encouragement during the war, wage questions were settled on an industry-wide basis. During 1946 and 1947, bargaining on wages was conducted on a Big Four basis which effectively set the industry pattern. Since then, the Big Four have bargained independently, but the union suggests that "it is not an established fact that Big Four bargaining has been discontinued on the issue of general wage increases." B. F. Goodrich has consented to bargain on a uniform basis for the seven plants in which URCLPWA holds bargaining rights. Elimination of the area wage differentials has always been a goal of the union, and this is more likely to be accomplished when the bargaining is conducted on a corporation-wide or industry-wide basis. Varying local requirements are, at present, given consideration in the local agreements supplemental to the master contract.

The union has been a pioneer in working toward the 6-hour day and 30-hour week in all industry. A 6-hour day has been common in Akron since depression days, except for the period of war production. Pressure by the union for the 30-hour week may be increased now that the industry is abreast of the war-deferred demand and employment seems to be leveling off, but the high cost of living may force the workers to accept longer hours to realize greater earnings.

Union demands for various fringe benefits have not been as insistent in this industry as in some others. Vacations with pay, holiday pay, and severance pay have all been won, but there is no collective bargain-

ing on insurance programs, retirement, recreation, employee-benefit programs, or health and welfare funds. All of these are provided by the company which feels, however, that they are beyond the scope of collective bargaining.

Bargaining has been principally concerned with wage levels, differentials and inequalities, hours, work assignments, and seniority. There are relatively few controls imposed by the contract over employment and conditions of work, these generally being determined by management subject to the grievance procedure. Job classification, time study, and production standards, and incentive pay are prolific sources of grievances, but the established procedure for resolving such complaints seems adequate. Both sides have showed a willingness to accept final arbitration of grievances. The union has earned the reputation of being responsible and living up to the terms of its contracts. There are wildcat stoppages, of course, but there is no evidence that these are union-inspired or that the union has been delinquent in getting the men back to work.

There is no apparent reason why the Labor-Management Relations Act of 1947 should materially affect the course of collective bargaining at B. F. Goodrich. Organizational work is largely completed. The union has not been guilty of secondary boycotts, jurisdictional disputes, or willful contract violations. It does not seek a closed shop and there seems little doubt that it could win a union shop under the terms of the act if it so desires. The act as interpreted by the union has resulted in a policy of signing only short-term contracts that will leave the union free to seek periodic wage adjustments, enforced by threat of strike. If the union interpretation, discussed in section V, proves to be correct, it would suggest the desirability of considering some clarifying amendment to the language of section 8 (d) (4).

On the whole, labor relations between the B. F. Goodrich Co. and the United Rubber Workers have been conducted on a responsible basis with due regard for the rights and duties of each party and the public interest. They are unlikely to be materially altered by requirements of the act. Whether peaceful and effective collective bargaining may be expected to continue depends upon conditions and attitudes beyond the scope of Federal labor legislation. A healthy climate exists and equitable rules have been laid down.

THE GEORGE A. HORMEL CO., AUSTIN, MINN.

SECTION I. THE COMPANY AND THE LABOR FORCE

In 1891, George A. Hormel organized the company that bears his name. He hired six employees for his meat-packing house in Austin, Minn. Since then it has grown into an elaborate business, in which 6,500 persons are employed. From 1891 until his death in 1946, the founder took an active part in running the business. Much of his vision and business acumen has been shown by his son, Jay C. Hormel, who is credited with the company's guaranteed-wage plan. Jay C. succeeded his father as president in 1929, and served in that capacity until 1946, when he assumed the office of chairman of the board left vacant by his father's death.

The company's products number approximately 750, including a variety of fresh, cured, and manufactured meat products, and it is a pioneer in the preparation and sale of specialty items like canned ham, chicken, luncheon meat, tongue, and sausages. There is also a line of goods such as soups, spaghetti, Irish stew, beef stew, and chili con carne, some of which are sold under the trade name of Dinty Moore. Nevertheless, fresh products still account for more than half the company's sales.

Forty-five hundred employees work in the home plant at Austin, and the remaining 2,000 are in the packing plants at Fremont, Nebr., Mitchell, S. Dak., and Dallas, Tex., and the 17 branch establishments engaged in processing and distribution. The company doesn't classify its employees as skilled or unskilled, but prefers to list them on the basis of experience. By far the largest percentage falls in the experienced group. About 1,000 of the 6,500 are women.

The enterprise is a money-making one. Its net profit for the fiscal year 1946 was 2½ million dollars.

A large part of the company's business was derived from foreign markets during and immediately after World War I, the peak year being 1924, when export trade accounted for one-third of the volume of business. Today, however, foreign markets are the source of less than 2 percent of the business.

Its financial status was not always so sound as it is today. Because of the acute need for expansion capital, a part of the business was sold in 1903 to another meat packer, John Morrell & Co., Ltd., of Ottumwa, Iowa. Morrell paid $75,000 for 750 shares of preferred stock and received 750 shares of common stock as a bonus. Three directors were added to the board to represent the Morrell interests. According to Hormel, this arrangement was advantageous to both companies, since Hormel needed the money and the outlet afforded by Morrell, who, in turn, needed the extra production. In 1907, Hormel was able to buy out the Morrell interests through sale of preferred stock to local people.

The darkest day in the company's financial history was in 1921,

when it discovered that the assistant comptroller had embezzled $1,187,000 over a period of 6 years. Liquidation of the company was prevented only through the extension of credit by a group of Chicago bankers to George A. Hormel on the basis of his personal credit record. The following year a bond issue of $1,500,000 was negotiated to repay the creditors and remove the restrictions placed on the management by the creditors' committee.

It is often said that George A. Hormel & Co. is Austin, Minn., and the statement is not without an element of truth, for the company and its business policies have exerted a tremendous influence. The employees are all local people, and labor turn-over is very low. The growth of the company is paralleled by that of the community. Austin was a town of 3,900 in 1891 when Hormel began his business. It now has a population of approximately 25,000. Including the dependents of the 4,500 Austin plant employees, the company is directly responsible for the livelihood of a large percentage of the population. A good many of the remainder are engaged in servicing the larger group. During the decade of the 1930's, Austin enjoyed a percentage increase in population of 49.1 percent, almost twice that of the Minnesota city showing the next highest increase. Seventy-five percent of the homes in Austin are lived in by their owners. In 1937 the city, with a population of 17,000, had a smaller absolute number of unemployed than any other city in the State with a population of 10,000 and over. Its proportion of unemployed ranged between 1 and 2 percent, which was considerably lower than the proportion in any other city in Minnesota.

While it isn't clear to what extent the Hormel Co., and particularly its guaranteed-wage plan instituted in 1933, has influenced the advance of Austin, undoubtedly its employment policies have contributed substantially to the city's stability and growth.

SECTION II. HISTORY OF RELATIONS BETWEEN THE PARTIES

Early unionization

Clarence Nockleby, now one of the company's vice presidents, was vice president of the first labor union organized at the plant. This was the Amalgamated Meat Cutters and Butcher Workmen of North America, an AFL affiliate. The Hormel local was organized in 1915, and although it never had a collective-bargaining contract with the company, it functioned until 1921, when the Nation-wide strike in the meat-packing industry failed. The local at Austin was given permission by officers of the international to continue work while the remainder of the industry was on strike. This may be attributed to a desire to use Hormel as a lever to force the remainder of the industry to meet the wage demands. Another factor contributing to the decision of the international could have been the company's precarious financial position, which had resulted from the million-dollar embezzlement of its assistant comptroller. An interim agreement was entered into stipulating that the wages sought by the union would be paid for the duration of the Nation-wide strike and upon its settlement Hormel would pay the amount agreed upon by the rest of the industry. The strike was unsuccessful and the net result was that the employees at Hormel received higher wages only for its duration. The members' interest in the Austin local lessened greatly and it disbanded soon afterward. Hormel then remained without a union until the early months of the NRA in 1933.

Results of the 1929 depression

Although Austin is now a town of almost full employment, the years immediately following 1929 found it in pretty much the same position as other manufacturing centers. It had been hit hard by the great depression. Farm income in the surrounding communities became so low that there was a tremendous influx of farm workers into the nearby towns. There was no work for these people, and their presence in Austin aggravated an already acute employment situation there. Housing was inadequate, and while the majority had fairly livable accommodations, there were the notable exceptions of those who lived in shacks along the river, in abandoned exhibition buildings at the local fair grounds, and a few who even resorted to tents. While this situation wasn't general, the fact that a few were so unfortunate fomented considerable unrest when coupled with the uneasiness incident to the generally diminishing employment.

The Hormel Co., then as today the principal employer in Austin, adopted a spread-the-work policy in an effort to keep as many people on its pay roll as it possibly could. Some of its employees voluntarily instituted share-the-work programs to keep the unemployment rate low. Those fortunate enough to have these part-time jobs organized a relief fund for which they taxed themselves on a sliding scale, and the money was used to buy coal and groceries for the needy unemployed.

It was in this troubled period that Jay Hormel made his first attempt at employee security. He placed some employees on what was known as a straight-time basis. The general effect of the plan was to elevate those covered to status similar to foremen in that their weekly wage was set and did not depend on the actual hours worked. However, this attempt, though well meant, resulted in employee suspicion, and in jealousy of those few to whom the plan was first applied. As a result of this failure to properly sell the program to the employees, possibly from the lack of adequate two-way communication, the company was forced to abandon the idea.

Wages were steadily reduced throughout the meat-packing industry, and although the Hormel Co. was among the last to put these reductions into effect, it too was forced by the economic situation to get in line. However, it did not adopt the lowest industry rates at any time during these lean years.

In the early days of 1933, union activity was given a new stimulus with a promise of the NRA and its immediate benefits. But because neither the NRA nor the several proposals advanced by Jay Hormel were thoroughly understood by his employees, the immediate reaction was that any attempt by the company to improve conditions was an effort to forestall or deny to the employees these pending NRA gains.

It was from this atmosphere of unemployment, uncertainty, and unrest that some of the more militant of the Hormel employees founded what is now the United Packinghouse Workers of America.

Formation of the new union

These men who later became the union leaders called a public meeting of the employees in Sutton Park at Austin. The decision was made

there to form local No. 1 of the Independent Union of All Workers. This new union followed the pattern of the old Industrial Workers of the World in that it proposed to group all workers together in a single unit, regardless of craft or occupation. However, they decided not to use the name of the IWW since they believed its reputation and stormy history would be a definite hindrance to the new union in the fight they felt it would certainly face to gain recognition.

Frank Ellis, who is now vice president in charge of organization for the United Packinghouse Workers, was the guiding force in the formation of the IUAW, and he now says that this was the beginning of the organization which has today evolved as the CIO. He claims, too, that out of the IUAW's work in Austin came the first practical political action by a union—the forerunner of the PAC. He explained that so many of Austin's voters worked at the Hormel plant it was easy to get behind a pro labor candidate and see that he was elected. A number of Austin's elected officials today work at the Hormel plant. The mayor of this city of 25,000 is a full-time employee in the hog-cutting department.

Recognition of the new union

A temporary president was installed at the Sutton Park meeting, and he and the negotiating committee, of which Ellis was a member, carried on protracted discussions with Jay Hormel and other company officials in an effort to gain formal recognition as the bargaining agent. The company says it was unwilling to recognize the union on the union's own terms and was not convinced that it represented the majority of the Austin plant employees.

By September 22, 1933, several months after the formation of the IUAW, Ellis and the other negotiators had arranged a recognition strike for the following morning. This resulted in an all-night session between company and union officers, finally ending with a recognition agreement about 7:45 a. m., 45 minutes after the morning shift was to have begun work. Union officials say the only reason the union was then recognized was the show of strength in the employees' refusal to report to work as usual at 7. This first written agreement provided for recognition of the Independent Union of All Workers as the bargaining agent. The parties agreed to observe the applicable NRA codes and to submit to arbitration any issues they could not resolve themselves.

The big issue of the moment had been recognition; the contract settled that one, and the NRA made quite a few adjustments in wages and general working conditions. However, the peace between Hormel and the union was short-lived.

Strike for higher wages

Just before Armistice Day, 1933, the union served a demand for a general 20-cent-an-hour increase. Hormel refused. The union proposed arbitration. Hormel declined, saying wages was not a proper issue for arbitration under the contract. Discussions were stalemated on these points and the union took a strike vote. A strike was authorized, but, according to Ellis, union officials had no intention of striking, and got the vote merely to strengthen their bargaining position. However, the vote was taken on the evening before Armistice Day, and immediately after the count, some of the more enthusiastic

members rushed from the union hall to the plant and without authority from union officers called out the crew on duty in the sheep-killing department. Ellis and the other leaders assert they then had no alternative but to call a full strike.

Employee unity was good and the stoppage was complete. Plant workers took full control and kept everybody out. There is some dispute as to whether Jay Hormel walked out or was carried out of his office, but, at any rate, the strikers took over the entire plant and company officers were on the outside looking in. City and county officials became alarmed at reports that refrigeration in the plant was turned off and that all the meat in storage would be spoiled and the equipment ruined, so they asked Gov. Floyd B. Olson of Minnesota to help. Governor Olson came on the scene himself, addressed the assembled strikers at the Austin Armory, and when the parties refused to meet, he acted as a go-between.

F. H. Shoemaker, Congressman at Large from Minnesota, entered the picture and publicly urged the workers to keep refrigeration on and protect the company's equipment. According to Ellis, refrigeration wasn't allowed to get dangerously low, but was turned off and on at intervals.

Settlement of strike and decree of Minnesota Industrial Commission

Governor Olson, in his efforts to bring the parties together, suggested that the whole question be submitted to the Minnesota Industrial Commission for adjudication. The parties agreed to this on November 13, 1933, and the strike was ended in its third day.

The industrial commission then held hearings, and decided that a wage increase was warranted. Its decree established a raise of roughly 5 to 8 cents an hour. This became the industry pattern, rather than the 20 cents the union first asked for.

The intervention of the commission ended the strike, which, while it lasted only one week end, made a profound impression on the people of Austin. It was also something of a show-down fight in which each side got a pretty good idea of the other's strength.

Sit-down strikes

The end of the strike and the later detailed order of the industrial commission on wages, hours, seniority, etc., did not bring permanent peace. The most notable continued disturbance for the next several years was a series of sit-down strikes. These occurred in considerable number through about February 1934. They then tapered off, became relatively infrequent, but did not stop completely until the present agreement was signed in 1940. This seems to have been part of a campaign for 100 percent membership, because the sit-downs were called in departments where the people were strongly organized. The union backed these stoppages. Most of them were of short duration—several hours, sometimes a day—generally involving the settlement of a grievance or a question of a union member's unwillingness to work with a nonunion man.

Development of the present agreement

The parties operated under the conditions prescribed by the State industrial commission, adding many modifications of their own until

1940 when they signed their present contract, which is a continuing agreement.

The particulars of many original company ideas and union aims have been worked out in detail by continual negotiation since the first contract in 1933. The present union shop, as well as the intricacies of the wage pattern, are products of this continued bargaining.

SECTION III. ANALYSIS OF PRESENT AGREEMENT

The contract between Hormel and local 9 is a continuing agreement signed in December 1940. It is "open at both ends," requests for modification may be made by either party, and it has been supplemented a number of times since it was first agreed upon. Local 9 negotiates its own contract changes with the company, and differs in this respect from all other UPWA locals. There is no industry-wide bargaining as such, but the international negotiates with each company on behalf of the particular local—except local 9.

All employees of the Austin plant are covered except office and supervisory personnel. There is a union shop, but no check-off. The local union, incidentally, prefers not to have a check-off because its own requirement that members come to union headquarters to pay dues brings them closer to their officers and makes the headquarters a meeting place for those who might never call otherwise. Here again, local 9 differs from the other UPWA locals, whose contracts, negotiated by the international, provide for an automatic check-off under union-shop agreements.

Hormel officials also prefer not to have a check-off because they believe the members contribute toward a better union by frequent visits to the headquarters office. They feel, too, that a widespread delinquency in dues would be the promptest and most effective protest against any union action not approved by the rank and file.

The company maintains control of production standards and productivity by establishing work budgets which are discussed in the section of this chapter dealing wth the wage system.

The guaranteed wage and incentive plan

Meat packing is a highly competitive industry and wage rates on similar jobs are nearly identical in different packing plants in the area of competition. Hormel is no exception. The basic rates there are standard for the industry. However, from these basic rates grows the many-sided plan for greater take-home pay, a pay check guaranteed every week, profit sharing, and retirement annuities.

It is, perhaps, only in the elaborate wage structure that Hormel differs from its competitors. Each step in this wage machinery is so complex and important that it must be separately discussed in detail. The so-called guaranteed annual wage is the most important single item since it assures each employee 52 pay checks a year.

To understand the functioning of the guaranteed annual wage, to determine just how much money a man will have received when a year is over, and to appreciate an individual's financial interest in the company, we must examine the production quota, the incentive system, the joint earnings plan, the profit-sharing trust, and, to a

lesser extent, the insurance, hospitalization, vacation, and sick-leave programs.

The basic philosophy underlying the plan is steady income based on continuous employment rather than guaranteed wages. At its inception, its objective was to see that each employee covered by the plan received a check every week. This posed several difficulties, the most important of which is that hours and work loads in a seasonal industry like meat packing cannot be gaged very accurately. The industry is notriously seasonal, and there is no ready method of insuring a year-round steady flow of hogs and cattle into a packing house. This pitfall was overcome by manufacturing a line of specialty items that could be processed in slack periods, thus assuring continuous work. Another difficulty was that those covered by the plan were anxious to get their day's work done in less than 8 hours so they could go home and enjoy the so-called sunshine bonus. This led to union claims of "speed-up." By working out precise work schedules, with bonus payments for handling the allotted volume in less time than the usual full day, the company overcame the speed-up objection. While the company fixes these work schedules, the union can use the grievance procedure for adjustment if it isn't satisfied with the company's figure.

Employee and union suspicion of the plan in its early stages was strong. It was an innovation perhaps too good to be real. However, it was soon accepted, and in its present form can be best explained in five distinct phases, each of which is discussed in detail below:

1. Work schedule (determines the guaranteed annual wage).
2. Wage incentive plan (production bonus).
3. Joint earnings plan (profit sharing).
4. Profit-sharing trust (a pension plan).
5. Insurance, hospitalization, vacation, sick leave.

Only the first two are the result of collective bargaining. The others are managed solely by the company. Yet the union says it would strike to keep the status quo if any attempt is made "to take it away from us." UPWA officials include as "musts" the work schedules, the production bonus, and the joint earnings plan.

Work schedules

It is not possible to compute accurately how much work an individual does because the usual operation is essentially one of teamwork. However, the division into groups or teams is made with the idea of achieving the most compact units possible. When a unit or gang is thus established, its scheduled annual total production is determined and from that figure, plus a time study, its average hourly production is fixed. The company prepares this figure, and if the union doesn't agree, it uses the grievance procedure.

The Fair Labor Standards Act provides that overtime rates be paid for hours worked beyond 40 in any one week. This would normally be a stumbling block to a guaranteed wage scheme in meat packing, because of the seasonal nature of hog and cattle supply. However, an exception to this overtime requirement makes the Hormel plan possible. If an employer guarantees his workers approximately 2,080 hours employment a year, hiring and paying on an annual basis, he may vary the length of any workweek as his business needs dictate

throughout the year—a 10- or 20-hour week in the dull season and perhaps as high as the FLSA's 56-hour limit when business is good. (The Hormel-union limit is 53.) But in no year may the total hours for any employee under this exception go over 2,080 (52 times 40). So, to comply with the 2,080-hour provision of the Fair Labor Standards Act, and at the same time provide a reserve cushion of hours to take care of peak periods, the average week at Hormel is set at less than 40 hours—generally 38, sometimes as low as 34. Every employee is then paid the prevailing rate of the industry for his job, multiplied by the hours per week for his unit. For example, let us say that a certain type of cutter gets $1 an hour throughout the industry and his department at Hormel has its hours per week fixed at 38; he then gets $38 as his minimum guaranteed weekly pay. This is his guaranteed wage. He gets this minimum amount every week. It is the only wage guaranty he has. He invariably earns more from increased production and a share in the company profits at the end of the year, but this $38 guaranty every week is the floor under his income.

The wage incentive plan

The wage incentive plan is a production bonus. It is paid weekly, added to the guaranteed wage.

The basis of this bonus is the gain in production hours over actual clock hours.

Take the case of the cutter again for some examples of the plan's operation. He has a guaranteed income of $38 every week in the year. Hormel officials have set up a work schedule for his gang, so a certain number of work units are expected of the group in the 38-hour week. Thus, knowing what should be produced in a week, simple arithmetic tells them what should be produced in an hour. This, then, is the gang's "production hour." Since it is a group bonus for the gang, the cutter shares as a member of the team in the examples cited:

(1) Suppose in 38 clock hours the gang achieves 38 production hours. There is no gain, hence no bonus for that week, so the cutter gets only his guaranteed weekly check for $38.

(2) Suppose in 38 clock hours the gang achieves 42 production hours. The gang has gained 4 hours. So in addition to his guaranteed weekly check for $38 the cutter receives 4 extra hours' pay.

(3) During the slack season the gang probably won't be busy every week. Suppose they work only 20 clock hours one week and achieve exactly 20 production hours. No gain involved, so the cutter simply gets his guaranteed weekly check for $38.

(4) Again in the slack season, suppose the gang works 20 clock hours but achieves 26 production hours. They have gained 6 hours, so the cutter gets his guaranteed weekly check for $38 plus a bonus for 6 extra hours.

(5) In the busy season, suppose the gang works the maximum contract limit of 53 hours but achieves only 53 production hours. Again they have made no gain, so the cutter receives only his guaranteed weekly check for $38.

(6) In another week of the busy season suppose the gang works the limit of 53 hours but achieves 70 production hours. Here they have gained 17 hours, so the cutter gets his guaranteed weekly check for $38 plus a bonus for seventeen extra hours.

(7) It is, of course, possible that in 38 clock hours the gang might achieve, say, only 34 production hours. In that case, even though there is a loss rather than a gain in production hours, the cutter still gets his guaranteed weekly check for $38. In such a situation, if the union believed the standards were improperly set, it would use the grievance procedure for adjustment. However, if the standards were proper, it would be the company's problem to look into the matter from the point of possible poor workmanship.

In every instance the bonus is computed by multiplying the prevailing industry hourly rate for the cutter's job by the number of his gang's gain. For instance, in example No. 2, there is a gain of 4 hours, and since the prevailing rate for his job in the industry is $1 an hour, he earned a bonus of $4. His gross pay for that week, then, was his guaranteed wage of $38 plus the $4 bonus—a total of $42.

The company has found from experience that the "long" and "short" weeks balance out pretty well in the course of a year; and it isn't necessary to contend with overtime rates for hours after 40 because of the exception to the Fair Labor Standards Act already discussed.

Maintenance crews and elevator operators, for whom no production quotas can be established, are not covered by this wage incentive plan. Instead, they are paid a flat $8.50 every week above the prevailing industry rate in lieu of a production bonus.

The joint earnings plan

The joint earnings plan is a system of profit sharing whereby at the end of the fiscal year surplus earnings are divided between stockholders and the employees. Apparently it is called joint earnings rather than profit sharing to further emphasize what seems to be the most pronounced policy of the company—to drive home to all concerned that the entire undertaking is one of complete cooperation, combined effort, and interdependence of employees, management, and stockholders; that one cannot get along without the others.

The plan has operated since 1938 and covers all employees who were on the pay roll through the whole of the particular fiscal year involved.

Income from all sources is the basic figure used in computing payments under the plan. From this total income all operating expenses for the year are subtracted. The remainder is divided between the employees and stockholders on a sliding scale. The scale for division of the amount is fixed, but is gaged to insure the employees a greater proportion when profits are not too large, while the stockholders' rate of participation increases as the surplus increases.

For example, in 1947, under this division scale the employees' share of all the income was $18,750,000. During the year they had already received $17,000,000 in wages and bonus. This left $1,750,000 to be distributed. This amount was approximately seven times the weekly guaranteed pay roll. Hence, the cutter whose earnings were cited earlier received a year-end check for approximately seven times his own guaranteed weekly pay—seven times $38—a lump sum of $266.

This year-end payment in the cutter's case is popularly referred

to as seven paycheck dividends. And while another employee with a higher guaranteed weekly wage will receive the same number of paycheck dividends he will, of course, receive a larger amount.

The UPWA considers this joint earnings plan a substitute for the usual overtime payments in its other contracts, and views it as the backbone of the Hormel wage system. While the plan is not the result of collective bargaining, is operated solely by the company, and under the company's complete control, the contract specifically contemplates its continuance and states that many of the agreement's provisions must be renegotiated if the joint earnings plan is abandoned or modified.

The profit-sharing trust

The profit-sharing trust is a pension plan financed wholly by the company for the benefit of employees who have completed 4 years of continuous service. The trust agreement became effective in October 1944, and the money came out of funds which would otherwise have gone to earnings on common stock or to income or excess-profits taxes. Hence, the size of the company's contribution in any year varies with its financial success in that year. In 1944 the contribution was $1,200,000. In 1945 it dropped to $55,000. In 1946 it was slightly less than $1,200,000. In 1947 it was approximately $675,000. Jay Hormel explains that the repeal of wartime excess-profits taxes has not affected the contributions because the amount is computed before income taxes.

Participating employees share according to length of service, officers of the company and employees in the same amounts, since the shares in the fund are determined solely by years of service with the company. As a general rule, a participant cannot borrow against or otherwise encumber his share, and payment is made in case of death, retirement at the age of 65, or on leaving the employ of the company.

These payments are made in a lump sum in case of death, in installments for 10 years when an employee leaves the company, and at the option of the trustee either in installments or as a lifetime annuity in cases of retirement.

The contributions for the 4 years the plan has operated give accumulated credits of approximately $7,300 to each of the 125 employees whose 29 or more years' service with Hormel makes them eligible for maximum participation. The credits of others are less as their years of service are fewer.

The trust is not revocable, and the company asserts it is a part of its policy of sharing the fruits of the enterprise with the employees, and that contributions to the fund will be continued.

Insurance and hospitalization plans

The company started an insurance program in 1925 and still provides free life and accidental death and dismemberment insurance for both salaried and hourly wage employees. The amount has recently been increased from $500 to $1,000, and a contributory group-insurance plan has also been adopted covering additional life insurance and hospitalization benefits for employees and their dependents. The employee's monthly contribution to this insurance and hospitalization program is based on his annual earnings. Employees become eligible after 1 year's service, but participation is voluntary. There is a limited conversion privilege upon termination of employment, but the life insurance has no loan or paid-up value. Hospitalization insurance ends (except for maternity benefits) when employment ceases.

Company statistics show that during 1946, $75,000 was paid in death benefits and $46,000 for hospital expenses.

These five major steps in the Hormel wage system, combined with paid vacations and paid holidays, assure the employees much more than the widely-heralded guaranteed annual wage. They not only have the security of job and income which goes with continuous employment at a minimum rate, but the assurance that as a practical matter their income ceiling is limited only by their own ability to quickly and efficiently dispose of whatever volume of work the company undertakes to handle.

Grievance procedure

The Hormel contract with local 9 provides a fairly simple method of handling grievances. The employee first discusses his problem with the foreman. If the foreman cannot handle it to his satisfaction, the employee turns it over to his grievance committeeman, who files a formal written complaint. It goes to the company employment manager, with a copy to the division superintendent and one to the local's business agent. The company is required to dispose of it in 3 days and inform the union office of the decision. If the settlement is not satisfactory, an appeal may be filed with the employment manager. This first appeal must be presented before the grievance is 2 weeks old. Should this appeal be unsuccessful, a second may be made to the company president within 10 days. If the president turns it down, the union has 30 days to appeal to the arbitration board.

Arbitration machinery

A three-man board is formed for each case. There is one so-called impartial member. The other two are appointed by the union and the company; however, neither of these two may be a member, employee, or stockholder of his sponsor.

The agreement specifies that the impartial arbitrator will be Father Giddigan of St. Paul. However, if he cannot act, and the other two fail to appoint a substitute within 5 days, the Federal Mediation and Conciliation Service will be asked to supply a man.

A noteworthy provision in the arbitration clause is the one providing for "* * * fair, reasonable, and equitable * * *" adjustments of differences. Both company and union officers agree that under this clause the arbitrator can order such affirmative relief as he deems appropriate, and could award relief generally comparable to the action of a court awarding damages in a civil action at law.

There have been no arbitrations under this contract for the past 4 years. But in the 11 years ending January 1944, 31 separate issues were arbitrated. Eighteen of the 31 related to pay rates, and 12 of these were decided in favor of the company. Of the nine cases of discharge for cause, the company won five and lost four. The company was upheld in two of the three issues of seniority, and in the single case relating to work schedules.

Instruction courses

Neither company nor union conducts an insurance program for foremen or committeemen to explain their duties under the contract, but the agreement has been in operation so long it is thoroughly under-

stood by nearly everyone affected whether he be a rank and file employee, foremen, committeeman, etc. Both parties say the procedure facilities the prompt, efficient handling of differences not only at the grievance stage, but even before they are reduced to writing.

Priority for particular grievances

While there is no priority system in the agreement to handle grievances which might involve discharge or other disciplinary measures, the union and the company assert they would work "night and day" if necessary to adjust such a problem. They also say that should a man quit his job in anger over an argument with his foreman, a fight with a fellow worker, or for any other reason not involving a major breach of conduct, he is given 24 hours to change his mind. The incident is then forgotten. Company and union officers feel this waiting period is necessary because a man who acts quickly in anger will most likely reconsider within a couple of hours. They do not want to penalize him either with loss of pay or with any of the other forfeitures which would go with accepting as final a sudden and angry decision to quit.

Union officials' pay for grievance work

The union duties of some employees, such as grievance committeemen, occasionally require them to spend some of their normal working hours on union business. In that case, they are paid just as if they were working at their regular jobs, and the company does not attempt any adjustment of their wages or the production quotas of their departments.

Training and job assignment

New employees are assigned to what is known as the extra gang. The extra gang serves as a reservoir from which personnel may be drawn to replace absentees and to assist the regular gangs in the various operating departments during rush periods. It also serves as a preliminary training ground for new employees. When a job in one of the operating departments becomes vacant it is filled by seniority within that department, and on the vacancy thus created a notice is posted on the union bulletin board for 48 hours. Only members of the extra gang may claim it. The job is awarded to the member with the highest seniority. Through this system, new employees may gradually be assigned to jobs in departments of their own choice.

Seniority rules

Under the working agreement in effect, questions of seniority are settled by a seniority board made up of six members, three of which are elected by the union and three selected by the company. Detailed seniority rules have been prepared by the board. Majority decisions of the board are final and binding on all parties. In the event of a deadlock, the issue is submitted to the regular grievance procedure.

Promotion

Employees are promoted in the order of their seniority provided they are capable of doing the job, this decision to be made by the seniority board.

Transfers and lay-offs

Should an employee in one of the departments desire a transfer, he may have his job posted to the extra gang and, when relieved, he

may report to the extra gang to await posting of an opening in a department he prefers. However, such transfers may not be made with such frequency or in such numbers as to interfere with the work of any department.

The company may, because of a slack period in a given department, reduce the personnel in that department. It must, however, give 7 days' notice. While those affected are placed on the extra gang pending reassignment, they continue to receive, for a period of 52 weeks, the rate paid them in the former department. The amount of overage in pay is kept at a minimum inasmuch as anyone receiving an overage is required to bid on each job posted that carries a higher rate than the one to which he is assigned. Reductions in the extra gang may be made only by natural disappearances or transfers to regular departments, or on 52 weeks' notice.

This same 52 weeks' notice applies to regular operating departments as well as the extra gang. It simply means that an employee can be laid off only on a full year's notice.

Discharges

The procedure for discharge is set out in the working agreement with local 9. Under this provision, the company may fire those employees guilty of a major breach of conduct, or of repeated instances of bad workmanship, misconduct, or unexcused absences. Instances of bad workmanship or misconduct which cannot be satisfactorily handled informally by supervisory personnel are reported to the employment office. If the employment manager deems that the occasion warrants, written notices are served through the bargaining committee upon the parties concerned. Upon receipt of the third notice for bad workmanship or misconduct, or upon receipt of notice for the third unexcused absence within a period of 6 months, or upon receipt of the first notice of a major breach of conduct, the employee reports to the employment office, accompanied by his grievance man, and indicates in writing whether a fair hearing is desired. He thereafter leaves the premises without delay. Failure to report at the employment office and request a hearing results in a loss of that right unless notice is thereafter served on the employment manager by the bargaining committee within 3 days. Hearings are conducted by a board consisting of the employment manager, who is the presiding officer; the officer in charge of the division of the company and the supervisor of the division. The union represents the employee. In case of an adverse decision, the employee may avail himself of regular grievance procedure.

Notice to employees of changes in operation

Indicative of the consideration and cooperation sought by the union and by Hormel is the section of the contract which provides that it is the intention that major changes in work or working conditions, except in cases of emergency, shall be effectuated by at least a week's written notice to the bargaining committee. Exceptions to the changes being undertaken may be made within 3 days and the matter is submitted to grievance procedure for determination.

Vacations

Vacations and sick leave with pay are provided. Vacations are on the basis of 1 week for 1 year or more of continuous service, 2

weeks for 5 years, and 3 weeks after 15 years. Sick leave is accrued at one-half day for each of the first 24 months, and one-half day every 2 months thereafter. In case of illness, vacation time may be combined with accumulated sick leave, with the limitation that no more than a 10-week total will be allowed in any 1 year.

An employee who seeks a reasonable leave of absence may apply to the seniority board. If his request is rejected, he may appeal the matter through the grievance procedure.

SECTION IV. OTHER LABOR POLICIES OUTSIDE THE AGREEMENT

Employees are thoroughly instructed as to their personal interest in the success of the business. They are made aware that initiative on their part will mean increased wages and benefits. The production bonus, profit sharing, pensions, insurance and hospital features in Hormel's system of remuneration are always present to play an effective part in personnel policies. This all contributes to the type of attitude the company seeks in its relations with its employees. In a radio address to the employees on November 20, 1939, Jay C. Hormel said:

> The better your ability to have your say-so, the better will we be able to work together to build this business so it will produce better jobs and better pay for each of us. Whenever you or I, or any other one of us, is quibbling or quarreling, bickering or heckling we are tearing down. The way to build up is for each of us to be thoughtful, courteous, considerate, and cooperative.
>
> It is my purpose to see that whoever speaks for the management shall be guided by the policy and the attitude of the management. It should be your purpose to see that whoever speaks for the union is actually speaking for the thoughtful and reasonable body of men and women the union represents. * * *

The personnel policy is directed toward the ultimate objective of the company which is the maintenance of the highest possible level of production and, consequently, of profit. Cooperation of the employees is sought through giving them an interest in the company's business. The success of this policy is revealed by the record of strikes and arbitration cases. There has been no major strike since 1933, and no case has gone to arbitration for more than 4 years.

Hiring new employees

Administration of personnel policy is vested in the employment manager. From 12 to 15 persons are engaged in personnel work. Originally, hiring was a one-man job; however, new employees are now chosen from applicants referred by the local office of the United States Employment Service. Jay Hormel asserts that "if we are to have a public employment service, it must be dignified with the patronage of employers." Hormel supplies the USES with a list of its needs determined by the supervisors and division superintendents, and upon this basis USES is able to act. Advance planning and scheduling of work made necessary by the existence of the guaranteed-wage plan have made it possible to estimate employment needs ahead of time, thus affording an opportunity to choose new employees on a selective basis rather than hiring them indiscriminately at the gate. And before hiring anyone, Hormel conducts an investigation. The services of the Retail Credit Agency are utilized as well as the company's own investigator, who is a native of Austin, a former deputy sheriff there, and acquainted with nearly everyone in the community.

Employee knowledge of personnel policies

The staff of the employment office explains personnel policies to new employees and supplies them with literature on the company and its operating policies. Squeal, the Hormel monthly news magazine, acquaints employees with new policies and tries to foster company spirit. The local union informally, and through its newspaper the Unionist, contributes to this general educational program by acquainting its members with personnel policies, wages, promotions, transfers, terminations, etc.

Return of World War II veterans

The company maintains a policy of absorbing all of its employees upon their return from military leave. For some time there was doubt that this policy could be carried out without releasing other employees. The problem was especially difficult because the guaranteed annual-wage plan requires 52 weeks' notice, and because of the substantial number on military leave—2,045. However, the company was able to rehire all those who wanted to return to their former jobs. No wartime employees were released in the process.

Suggestions made by employees

Criticism and suggestions regarding the company's operating practices and policies are welcomed. Two systems have been established to encourage and make use of employee ideas. Jay C. Hormel is responsible for the creation of the business-improvement committee, an idea first put into operation in January 1947. The other system, called Hormel's business-improvement plan, is a modification of what was formerly a method of utilizing individual proposals. Through the business-improvement committee, Hormel proposes to increase the number of people who think about the problems of management and, at the same time, obtain the benefit of the insight of those on the job when a problem arises. The committee is composed of 12 plant personnel; it is vested with the authority to name the successors of those whose membership terminates. Membership rotates so that the one with the longest tenure is replaced each month. Meetings are attended by the regular membership and 12 associates who are chosen by the regular membership and who serve terms of 1 month each. Members, including guest members, are paid at their regular rates for the time spent at the meetings. Only those specifically invited in connection with a particular problem on the agenda may attend a meeting. Liaison between the committee and management is maintained through the chairman of the committee and Mr. S. V. German, the industrial engineer. There is the widest latitude in the scope of problems which the committee may consider. It selects its own program; however, there are the limitations that no subject may be undertaken which properly falls within the scope of collective bargaining, and it may not encroach upon the business-improvement plan. All pertinent information desired in connection with the study of a given problem is furnished by the company. Proposals and recommendations made to management may be accepted or rejected as management sees fit.

Under the Hormel business-improvement plan all employees are urged to submit ideas which they believe will result in improvement. Foremen, supervisors, superintendents, department and division chairmen (shop stewards), as well as office department heads and

division heads, assist the originator in advancing his proposals. The company also furnishes assistance in testing and advancing the proposals. Awards are granted by a committee consisting of the company president, executive vice president, and treasurer, which determines the value of the proposal to the company. The amount of the award received by the originator is 10 percent of the net amount saved by the company the first year the proposal is in use. Foremen or department heads receive an amount equal to 10 percent of the awards given to members of their department. Department chairmen and division chairmen (shop stewards) each receive an amount equal to 5 percent of the awards made to members of their departments.

To date 75 new proposals have been put into operation, with an estimated saving of about $15,000. The awards paid from this saving were about $2,000 to employees, $600 to foremen, and $400 to grievance men.

Tools and work clothes

When a man first reports to work, he finds that he needs some special tool peculiar to his job, such as a knife or a cleaver. Whatever the basic tool may be, he must supply his own. This is the only one he is ever required to buy, because later on if it wears out or he changes his job, he merely turns in the used instrument and the company replaces it free.

Work clothes are handled in a manner slightly different from tools. Each man wears a work uniform, usually standard work clothes plus a cap, apron or overalls, and boots. The company supplies laundry service free of charge for these work clothes, and to offset the expense of purchase through a company ordering service, the men get an extra $1.50 a week, known as clothes and clothes-changing time allowance.

This arrangement is not peculiar to Hormel, but is general practice in packing plants organized by the United Packinghouse Workers.

Cafeteria

The company operates a cafeteria in the plant where meals are served at prices much lower than those charged in nearby restaurants. It is a money-losing proposition, but Jay Hormel insists that the low prices be maintained and that the quality of the food be kept at high standards because he feels that employee health and satisfaction will more than offset any financial deficit in the operation of the cafeteria.

Medical facilities

There is a new first-aid room in the plant, complete with facilities for surgery, and with a doctor and nurses on the job as long as the plant is open.

Athletic and recreation programs

There is considerable intradepartment rivalry, and the company contributes some services for the upkeep of city park areas for intracompany ball games. These games stir up a great deal of interest, and the company furnishes prizes for the members of the winning teams at the end of the season.

The ball games are about the only outside activity helped along by the company in keeping with its policy against paternalism. Since most of the employees live in Austin, the ordinary social life of the community makes company-sponsored recreation programs unnecessary.

SECTION V. UNION BARGAINING METHODS AND PRACTICES

The industry-wide approach

The UPWA does not bargain on an industry-wide basis, although, as a practical matter, they achieve that result. Swift, Armour, Cudahy, and Wilson are known as the Big Four and any one of them sets the wage pattern in its own separate negotiations. According to the union, none of the Big Four acts without the tacit approval of the other three. When the pattern is thus set at Big Four level, the smaller packers get in line automatically, although individual negotiations are carried out with each one. UPWA international officers negotiate these separate contracts on behalf of the different locals. Local 9 at Austin is the only exception to this practice. It has a continuing agreement with Hormel and it negotiates its own supplements when necessary. However, President Ralph Helstein, of the UPWA, says that he has never missed an important meeting with Hormel officers and explained that the union allows this independent negotiation by local 9 because of the sentimental attachment Jay Hormel has to the practice of dealing directly with his own employees. Since Helstein was the attorney for the Austin local in its early dealings with the company, Jay Hormel evidently feels that, although Helstein is now president of the international, he is still a vital cog as an individual in local 9's activities.

Neither Local 9 nor the Hormel Co. has objected to this arrangement.

The Hormel local's willingness to strike

In the fall of 1946, international officers were negotiating a wage increase with the Big Four and at one stage of the discussions asked for a strike vote at each local to aid their bargaining position. Local 9 voted approximately 2,000 to 6 to strike if need be. Union officers explained this close discipline and intraunion loyalty in this way. Despite the fact that Hormel employees are relatively well cared for, they would be willing to strike on behalf of their fellow members at other plants because their memory of early organizing difficulties is still strong. Also, earlier in 1946, they gained a raise through the efforts of the international in its dealings with the Big Four. The strike notice was not served on the company, and when this second wage increase of the year was fixed at Big Four level it was immediately passed on to Hormel employees without a specific demand by the union. A great deal of money had been spent, too, much of it coming from members of local 9 in organizing Hormel's competitors after he first recognized the union in 1933. Union officers assert that local 9 knows its real strength lies in union-wide unity and that the members could come to grief in bad times, or in case of a change in Hormel's attitude—though the latter is deemed very unlikely.

Selling the Hormel wage plan to other packers

The union would like to have the Hormel plan adopted by all the packers. They are especially proud of the liberal features of the wage structure and while several other packers have annual wage set-ups, the union's ultimate goal is the application of the Hormel

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system to the entire industry. According to Helstein, the Big Four have already recognized the importance and desirability of a guaranteed wage, and are studying their ability to adopt it. Hence, most of UPWA's efforts are now directed to this end and their demands on Hormel are few, usually restricted to on-the-spot modifications of the system now set up.

The selling job, of course, does not cover each and every phase of the Hormel plan. As a matter of fact, a number of the phases of the Hormel plan originated with other packers and became part of the Hormel arrangement in the course of their being adopted by the entire packing industry. In selling the Hormel plan to the industry, the union simply says it has accomplished more at Hormel and would like to bring the rest of the industry up to the same level.

Union view of Hormel efforts toward company-employee unity

Despite the union's gratification with the Hormel set-up, it feels that even now it must keep the members of local 9 alert to the fact that the struggle between the union and employers generally is not over. This is particularly noticeable in the union publications which, although they seldom mention Hormel other than in an incidental news sense, devote extensive space to castigating the Eightieth Congress because of the Taft-Hartley law and urging social reforms which they say are designed to improve the lot of the man who works for wages.

While the Hormel arrangement is extensively praised and the company is not criticized, the international officers insist that contrary to many of Jay Hormel's pronouncements, he hasn't sold the employees on the "we" idea. This, of course, is the keynote of all Hormel talks where he emphasizes the thought that "what's good for the company is good for the employees" and that they operate on an all-for-one and one-for-all basis.

Union use of Federal and State agencies

Because of Hormel's labor record, there have been no occasions to resort to Federal agencies for settlement of disputes. No cases involving Hormel have come before the War Labor Board, the National Labor Relations Board, or the Wage Stabilization Board, and there has been no occasion to call upon the United States Conciliation Service or the Minnesota State Conciliation Service for the settlement of disputes.

Union attitude toward Taft-Hartley law

Frank Schultz, president of local 9, like the other union officers contacted, was vehement in his denunciation of the Labor-Management Relations Act of 1947. However, he cited no specific sections which have thus far worked a hardship on the local. Generally speaking, he impugned the framers' motives.

Frank Ellis, vice president in charge of organization for the international, maintained that the language of section 8 (b) (6), which is directed against "featherbedding," might well be broad enough to invalidate union-negotiated guaranteed annual wage systems. Section 8 (b) (6) makes it an unfair labor practice for a labor organization or its agents to cause or attempt to cause an employer to pay or deliver, or agree to pay or to deliver, any money or other thing of

value, in the nature of an exaction, for services which are not performed or not to be performed. Ellis contends that under the guaranteed annual wage plan, such as the one in existence at Hormel, an employee may work only 10 hours a week but receive compensation on the basis of a full 38-hour week, and that at the end of the year the employee's wages may exceed what he would have received had he been paid the basic rate for hours actually worked. Such a situation, he believes, would come within the wording of section 8 (b) (6). Since the time when Ellis was contacted, several informal opinions publicly expressed by a number of labor attorneys indicate a view contrary to Ellis' on this point.

The Communist Party is regarded by Ellis as a political party, and he fails to see the justification for section 9 (h), which requires union officials to file affidavits as to their affiliation with the Communist Party. He mentioned that one member of the UPWA's executive board is a known Communist, and that it would be unfair to deny the services of the NLRB to all locals just because one member of the executive board refuses to sign the affidavit.

Mr. Helstein, who is general counsel as well as president of the UPWA, believes that the law is creating tension, that the workers fear it and that more positively than ever it puts the employer in the driver's seat. He claims to have noted an increasing tendency on the part of the employers to "take advantage of the new law." He believes that its coercion clause will impede UPWA's organizing efforts and is fearful that the present membership of the NLRB will interpret this same clause in such a manner to make almost every strike illegal. In general, he expects that the employees' fear of, and the employer's full use of, the Taft-Hartley law will result in an industrial-relations "explosion" before very long.

SECTION VI. EMPLOYER'S BARGAINING PRACTICES

Tendency to cooperate

While the union finds Jay Hormel much less difficult to deal with than he was in 1933, he has not lost his practical approach and he is a strong bargainer who weighs the financial impact on the company of any move he makes. However, he apparently isn't unreasonable and is willing to meet the union part way as shown by his granting the wage increase in the fall of 1946 as soon as it was negotiated by the international with the Big Four packers. He applied the increase at Austin without a specific demand from local 9. Union officers credit him with much foresight and progressive thinking. They agree that he is primarily responsible for the development of the guaranteed annual wage and it is quite evident that he is the dominant personality in the Hormel enterprise. He promotes a spirit of interdependence in his employees and consistently tries to sell them the idea that "if you earn it, you get it."

Continuous company-union contact

At the lower levels of management, there are men in continuous contact with union officers on day-to-day dealings. The union has a full-time business agent who checks in the Austin plant each day and other union officers and management representatives meet whenever the occasion demands it.

Counterproposals

Since the contract is a continuing agreement, there is much less negotiation than at other plants where contracts must be renewed each year. However, the union credits the company with a complete willingness to deal and a willingness to advance counterproposals. As a general rule within the last few years, the company has made the proposals and they have been agreed upon with some modifications at times, but without any apparent difficulty.

Industry-wide problems

As pointed out earlier, there is no industry-wide bargaining in the packing industry and the American Meat Institute, a packers trade association of which Hormel is a member, does not enter the labor-relations field. A spokesman for the institute explained that it was necessarily interested in good labor relations, but purposely avoids any attempt to influence contract negotiations and does not have an association policy in matters relating to labor.

Even without industry-wide bargaining in the normal sense and despite the fact that the packers' association doesn't actively enter the labor-relations field, the position of all packers, Hormel included, is definitely influenced by the highly competitive situation in the meat-packing industry. Labor costs are a very important factor and are considered strongly in any adjustments or innovations in the Hormel wage policy.

Careful use of equipment

Jay Hormel has consistently tried to indoctrinate his employees with the thought that the business is a cooperative venture and what each employee saves by more careful work, better care of equipment, and the most sparing use of utilities, will result in more earnings for the company and hence greater income under the joint earnings plan for each employee.

Keeping productivity high

Perhaps the most important single effort to which the company devotes its energies is that of productivity. The company alone fixes production quotas although if the union is dissatisfied with any quota it has recourse to the grievance procedure to seek adjustment. Employee cooperation in keeping productivity high has been excellent, and despite the union officers' tendency to belittle Jay Hormel's success in getting the cooperation idea across, he has evidently done pretty well in the light of company profits which are shared by the employees under the joint earnings program.

SECTION VII. EVALUATION OF COLLECTIVE BARGAINING

Steady improvement since 1933

The trend since 1933 has been one of increased and continuing cooperation between the Hormel Co. and the United Packinghouse Workers of America. After the union won its fight for recognition, the parties operated for 7 years under the broad outline of the arrangement prescribed by the Minnesota Industrial Commission. They added items separate from the Commission's decree and, in 1940, they entered into the written agreement which is still in effect. The 14-year period has

seen the evolution of collective bargaining from bitter hostility to a general working arrangement within the framework of the contract which has removed the need for year-to-year bargaining sessions.

Effect on packing industry

The effects of this very stable condition have been felt throughout the industry in one noteworthy respect. To make the annual wage possible, it was necessary that the Hormel Co. adopt a number of innovations which would keep the employees occupied in the otherwise dull seasons encountered in the packing industry. The answer was the utilization of byproducts and the creation of new ones which could be worked on when the cattle and hog supply is at a minimum. These new products, like canned meat, stews, sausages, and a variety of other specialties, prompted other packers to follow the same lead with similar operations. In working on specialty items, the other packers have been able to spread employment beyond the normal, busy fresh-products seasons. This has brought closer to reality the union's aim of applying the Hormel full-employment plan to the entire industry, with the hopeful sign that all phases of the annual wage system might soon be adopted by the other packers. The public, of course, has benefited both in the wider selection of meat products and from the competition keeping prices from being too easily fixed, as might be the case of a single producer on such specialty items.

Efficiency

Employee efficiency at Hormel has greatly improved, probably as a direct result of the Hormel approach to profit sharing which imbued the workers with the thought that greater production and effort by each means more money, and careless work or lack of interest by one diminishes the financial return for all. It is also a simple process to gear production to a high point when the busy season comes, because the employees are experienced on their jobs and the company doesn't have to break in new men, as it would were the labor turn-over high.

In adopting and encouraging suggestions by the employees for the improvement of the business, Hormel has had great cooperation from the union, since the savings to the company are passed on, in part, to the employee who conceives the idea, to the union steward in whose department he works, and to the foreman who is his supervisor. This tendency has been directed not only to the improved technical operation of the plant, but to the elimination of careless waste of material and abuse of equipment. Since the employees are made to feel that they share in the efficient operation of the entire plant, they have not only cooperated with ideas but have joined in all efforts to save expenses as well. They are not unwilling to report cases of poor workmanship by their fellow employees, although the necessity for this has been very slight.

Consolidation of union gains

The turning point in this recent development of the Hormel enterprise came in 1933, when the employees struck for better pay after the formal recognition of the new union. The union gained strength from that strike, and since then Jay Hormel's attitude has been one of definite cooperation. He soon advocated, and still maintains, that it is important to have a responsible representative to deal with on matters

affecting the employees' interest. With this decision made, he followed it up by promoting and selling the guaranteed wage plan. The union soon saw the benefits, and he had little trouble in developing the plan to its present well-grown state.

While there were a number of sit-down strikes in the years following 1933, there have been no serious stoppages or threatened strikes, nor have there been any cases submitted to arbitration for the past 4 years. It is reasonable to interpret the strike vote taken by the Hormel local in 1946 as a promise of support to the other locals of the UPWA rather than a sign of local 9's dissatisfaction with the Hormel Co. These men in local 9 were the founders of the United Packinghouse Workers. They are still actively interested in the union's welfare and showed this by their willingness to take whatever financial loss might have been necessary to support the efforts of their less fortunate fellow members throughout the industry. Jay Hormel has kept the promises he made for improved wages and better working conditions, and the absence of critical comment about the Hormel Co. in the union's publications indicates the union's willingness to give credit where it thinks credit is due.

Dominant personality in the company

It seems unnecessary at this point to repeat that the dominant personality and driving force behind the company is Jay Hormel. However, it is worth noting that the union unhesitatingly so classifies him. His foresight and progressive thinking are behind the annual wage, and he had the energy to make it a reality.

Dominant personality in the union

Hormel's opposite number is President Ralph Helstein, of the UPWA. Helstein, a soft-spoken but forceful and energetic young man, apparently saw the wisdom of the Hormel plan and helped it along through the years. He first became associated with the UPWA as attorney for the Austin local and probably no one other than Hormel himself has a more detailed working knowledge of the annual wage and its possibilities than he. His energies are devoted to keeping the Hormel arrangement as satisfactory as he now finds it, improving it wherever possible, with the announced intention of having it ultimately adopted by the entire packing industry.

Effects on the city of Austin and on the public

This 14-year development of improved labor relations has resulted today in an enviable economic situation for the company and its employees. The company's profits are increasing, with resulting higher pay and a greater financial interest in the enterprise for the employees. The public is offered a greater variety of products. The community at Austin is immeasurably more prosperous and those who work there are in the fairly happy position of enjoying job and financial security without the threat of stagnation.

THE INTERNATIONAL HARVESTER CO., CHICAGO, ILL.

SECTION I. THE COMPANY AND THE LABOR FORCE

The McCormick reaper

In 1831, Cyrus Hall McCormick, a young Virginia farmer, invented the first successful reaper. This signaled the beginning of what is now the International Harvester Co.'s industrial empire. Young McCormick headed west shortly thereafter and began manufacturing reapers in quantity in Chicago in the year 1847. The business grew, and his brothers joined him in a manufacturing partnership.

In 1879 the partnership was dissolved and the enterprise reorganized into a corporation of which he became the president. After his death in 1884, he was succeeded as president by his son, Cyrus H. McCormick. By this time the business had developed into an extensive organization with a number of factories and considerable foreign outlets. The reaper market was not restricted to the McCormick Corp., and others had taken advantage of the new demand for mechanical harvesting devices. Then, in 1902, the organization known as International Harvester was formed by the amalgamation of the McCormick and a number of its competitor companies.

The growth of the new company

Cyrus H. McCormick became the first president of International Harvester. Through the years since 1902 other companies have been brought into the organization and the scope of its operations has increased tremendously. It is now a $750,000,000 corporation manufacturing farm implements, tractors, motortrucks, industrial power machinery, refrigerators, and operating its own coal mines, steel mills, steamships, twine mills, railroads, and, until recently, its own iron mines. Its manufacturing and raw material operations extend to nine States, to Canada, France, Switzerland, Germany, and Australia. The general office of the corporation is in Chicago, Ill. Its product outlets include 9,000 dealers and a number of company-owned retail stores. Its American employees number close to 80,000.

The company is the leading producer of farm machinery in the world, and among its outstanding competitors are Massey-Harris, John Deere, J. I. Case, Minneapolis-Moline, and Allis-Chalmers. In its manufacture of trucks and refrigeration equipment, it competes with such firms as Ford, General Motors, Chrysler, and General Electric. To maintain its competitive position, it has undertaken a complete postwar reorganization with emphasis on management on a divisional basis, the creation of new products, modification of old ones, and adoption of new techniques including the adaptation of wartime technological developments.

A profit-making enterprise

The company has long been regarded as one of the most successful American corporations. In a statement before the Joint Congres-

sional Committee on the Economic Report on June 26, 1947, Fowler McCormick, the present chairman of the board of directors and a grandson of Cyrus Hall McCormick, gave some insight into its financial structure. He explained that in February 1947 dividends on the common stock were increased from $3 to $4 a share, a total increase of $4,000,000. In March 1947, prices were reduced with an estimated saving to customers of $20,000,000, and in April 1947 wages were increased by $25,000,000.

In October 1947 another special dividend of $1 a share was voted, increasing to $5 the dividends paid on each share of the common stock compared with $3 paid in 1946.

While there was the voluntary price reduction in March 1947, the company explains that higher wages plus the rising cost of materials and services made a general price increase necessary toward the end of the year.

The labor force

The company's labor supply is generally drawn from the localities where the plants and operations are located. The manufacturing labor turn-over is exceptionally high; sometimes as much as 50 percent in a year. No figures are prepared on the age groups, but veterans of World II have been hired in great numbers. Of the 80,000 employees, approximately 7,000 are women. Many women were hired during the war for jobs normally done by men, and, while the company adheres to a nondiscrimination policy, there is a general trend since the war to have women supplanted by male employees in the manufacturing operations, particularly those requiring heavy labor.

SECTION II. HISTORY OF RELATIONS BETWEEN THE PARTIES

The early years and the works councils

The company's labor-relations history was first spotlighted by the Haymarket riot of 1886. The intervening years until 1919 were uneventful, and in that year the Harvester industrial council plan was instituted. This purported to be an employee representation plan where an equal number of employee and management representatives formed the "works council" in each plant. This industrial council plan operated until shortly after the enactment of the Wagner Act. It is difficult to determine how much, if any, credit can be given to employee representation for the peaceful labor relations the company enjoyed from 1919 until the plan was ordered disestablished by the National Labor Relations Board in 1936. While the NLRB found the industrial-council plan met the requirements of a "labor organization" within the meaning of the Wagner Act, it found that in actual practice there was not the free collective bargaining the act intended and the company claimed existed. The Board found, among other things, that the company ascribed to the plan all beneficial changes instituted for the employees' welfare, thus, in the mind of the Board, combating any organizing efforts by another union.

In a case involving the Fort Wayne Works, the NLRB decided on November 12, 1936, that the industrial council plan was dominated and interfered with by the company to such an extent that it violated section 8 (2) of the Wagner Act. The NLRB then ordered the plan disestablished.

The company first decided to appeal this decision, but changed its mind, although it withheld disavowal of the plan until the Supreme Court declared the Wagner Act constitutional in April 1937.

The independent unions

In 1936 and 1937 a number of unions were actively organizing in the various works operated by the company. Most of these unions were affiliated with the CIO.

Also, following the NLRB decision in the Fort Wayne case, several inside unions became active, and when the industrial council plan was canceled in 1937, these inside unions came into being as independents. In a later case involving six of the company's plants, the NLRB found these newly formed independent unions company-dominated and fostered to fight off the inroads of the CIO. In that case, decided in 1941, the NLRB ordered the independent unions disestablished.

Recognition of the Farm Equipment Workers, CIO

Following that decision, the United Farm Equipment and Metal Workers of America, CIO, were successful in winning elections and now represent about 30,000 production employees at 11 Harvester plants.

The United Auto Workers

The next largest union in the picture is the United Automobile, Aircraft and Agricultural Implement Workers of America, CIO. This union is the bargaining agent for the production employees in six plants making industrial power equipment and trucks, and covering approximately 17,000 workers.

The other unions

The company deals with a great many unions other than the FE and the UAW, among these being the United Steelworkers (CIO), Progressive Steel Workers, Progressive Mine Workers, the National Maritime Union (CIO), the Pattern Makers League (AFL), the IAM, Great Lakes Engineers' Brotherhood, the Die Sinkers Conference (AFL), the Teamsters, the UOPWA, and a number of others. In all, it deals with 23 international unions, three unaffiliated unions, and 195 locals.

The problem of jurisdiction

There has been little jurisdictional trouble among the unions, but there is the distinct possibility of membership shifts since both FE and UAW operate in the farm-implement field. Also, the UAW has complied with the registration and non-Communist affidavit requirements of the Taft-Hartley law, while FE to date has not done so.

Emphasis on dealings with FE–CIO

Most of the company's present difficulties are encountered with the Farm Equipment Workers. Because of this, and since a report on all the company's collective bargaining would be unduly complicated, this report is devoted to dealings with the FE, with a few comparisons made to relations with the UAW.

The FE's pace-setter claim

Indications are that the FE is to a degree at least the pace setter for other unions at Harvester. This subject is open to some question, but

since FE represents 30,000 of the approximately 80,000 employed by the company, it is possible that some of the difficulties stem from that fact, since the company would be reluctant to capitulate to the demands of a union representing so many people when the other unions would naturally insist on correspondingly favorable terms.

While the various craft unions are classed as more highly skilled and are generally better paid than the production workers, the pace-setter issue cannot be dismissed lightly because the great majority of the employees are engaged in production duties and their terms are similar regardless of which union represents them.

However, if the FE is really the pace setter as it claims, the UAW certainly does not go unnoticed. It has appeared on the same ballot with FE in two NLRB elections in the Harvester chain within the past several years, losing the first and winning the second. UAW officials are unwilling to concede the pace-setting role to FE. Although only 17,000 of UAW's nearly 1,000,000 members are Harvester employees, both unions operate in the same field and FE recently rebuffed a public invitation from UAW to join the auto workers' union under the newly strengthened leadership of Walter Reuther.

High incidence of work stoppages

One of the most significant items in the company's dealings with FE is the number of stoppages in which this union has participated. In 1945 FE was involved in 130 of 164 stoppages, representing 79 percent of the company total. In 1946 they were in 97 of 125, for a 77-percent average. In 1947, up to October 1, they participated in 155 of 176 stoppages, for an average of 88 percent. In the same period the UAW had 20, 16, and 15 stoppages, for percentages of 12, 12, and 8 of the totals. Statistics are not available to show precisely the various reasons for these many FE stoppages, but indications are that the vast majority arises from unsettled grievances; and no stoppage has been very long, with the exception of the strike in 1946, which involved all FE locals, and the one in 1947 with the Louisville local.

Specific company complaints

Company officials claim nearly all their trouble stems from what they choose to call the radical and irresponsible leadership of the Farm Equipment Workers. The company expressed this view in a letter to its farm-equipment employees on October 20, 1947, suggesting that the employees get new leaders; that the company believes it cannot deal with the present officials, claiming they are more interested in promoting chaos than in achieving any semblance of industrial peace. In promoting this chaotic condition, the company alleges that union officials promote complaints, make no intelligent attempt to screen grievances, and take every issue, regardless of merit, to arbitration. The company looks on this as a harassing action since it is forced to prepare a defense and call witnesses to the arbitration proceeding, and all too often finds that at the last minute the union withdraws the charge.

Another general complaint which the company feels is very difficult to deal with is that union officials have indoctrinated the employees with the theory that a high piece output, regardless of quality, should be the workers' main concern. Elaborating on this allegation, the company charges the FE with a persistent, deliberate campaign by stewards and grievance men which results in many employees operating on this poor-workmanship basis—and in such a way that they take advantage of allowance rates but avoid the penalty of not being paid for work spoiled through their own fault.

The union complaints

Generally speaking, the union complaints cover a wider range than those of the company, and most of those mentioned here come from the FE.

Both the UAW and the FE agree the company is unduly slow in answering grievances. Company officials operate within the time limits specified in the contracts, but the general union complaint is that they wait until the last minute, when an answer given earlier would head off employee restlessness. The UAW joins the FE in one other complaint. It is the observation of both unions that too often the foreman says he cannot give an on-the-spot answer. He gives his reply after checking up, and the unions say that in the meantime he invariably talks with the industrial-relations manager and secures an answer from him which he then gives to the union steward. This, of course, results in the certainty of the same answer from the industrial-relations manager when the grievance comes to him in the second step. The next phase is the submission of the grievance to the plant manager, and the FE says that almost invariably plant managers back up the decision of the industrial-relations department. While contact with the UAW is somewhat superficial, the FE is unanimous in this complaint.

Another point with which the FE is dissatisfied is what they consider to be a company policy established at the general office. They accuse the various works managers of a flat refusal to properly discuss a grievance in the third step, the inevitable answer, according to union spokesmen, being "If you aren't satisfied, take it to arbitration."

This brings us to the real bone of contention in the industrial relations of FE and the Harvester Co. The union feels the company has deliberately adopted a policy of sending every grievance to arbitration with the full knowledge that by so doing it subjects the international and local unions to an unbearable expense. Incidentally, the fee for the arbitrator is split by the company and the union on a 50–50 basis. Union officials say each grievance is legitimate and they are morally bound to do the best they can for the employee concerned—even though the net gain for the individual will be minute compared with the expense to the union to have the issue adjudicated in his favor. They feel that this persistent refusal to adjust grievances and the insistence on arbitration is coldly calculated by the company to break the union because of the prohibitive cost of the proceedings.

Another point which the union feels is a union-breaking instrument is also closely tied up with the great number of arbitrations. That is the company's refusal to accept an arbitrator's award in a given situation as establishing a principle that can be followed in similar situations in the future. They believe that should the company allow the establishment of a principle in one case, it would remove the need to file and arbitrate the same and similar grievances in the great numbers they do now. The company says it cannot establish a precedent

on every award because by doing so the arbitrators would be put in a position of rewriting the contract rather than adjudicating issues arising under it.

Again on this point of establishing precedents, the union claims that the company's interpretation of the contract and instructions to the works managers regarding the contract come from men in the general offices who do not participate in the negotiations and thus have no real knowledge of the intent of the parties.

Another situation which the FE says adds weight to its opinion that the company has deliberately set out to break its union is the letters President McCaffrey sends to the employees. They are particularly incensed with the letter of October 20, referred to earlier, in which McCaffrey told the FE members that their leaders were irresponsible radicals and advised the rank and file to get new leaders if they hoped to obtain industrial peace. Union officers claim the letter served only to solidify the sentiment of rank-and-file members behind their leaders, but at this stage it is too early to speculate on the results.

The 1946 strike of FE members at 11 plants

The recent labor-relations history of the company has been highlighted by this succession of complaints and was punctuated by a serious strike of about 3 months' duration in 1946. The issues in that dispute, according to the FE, were wage adjustments and the inclusion of arbitration machinery. However, the company flatly contradicts the union on this and claims that the real reason for the lengthy strike was the company's insistence on deleting the wartime maintenance-of-membership clause. Company officials claim this clause was agreed to in War Labor Board proceedings and that with the end of the war, they insisted on a return to what they consider one of the fundamental prerogatives of management—the hiring and firing of employees, regardless of good standing in any union. The strike was finally settled and a contract signed, providing for wage increases, the inclusion of arbitration machinery, and a check-off of union dues with an escape period.

All plants operated by FE members were shut down. The UAW, the steelworkers, and other production employees, did not participate. The only other unions involved were some of the smaller craft units like the pattern makers who, because they work in FE plants, had nothing to do since the principal operation was stopped.

In connection with this 1946 strike, company officials believe approximately 75 percent of the strikers secured gainful employment elsewhere, while union officers insist that the company was very successful in boycotting them. The union claims that because of the economic dominance of the company in the various towns outside of Chicago, other employers simply refused to hire anyone whose last place of employment was International Harvester. They ascribe some of this influence to the position President McCaffrey holds on the board of directors of NAM. While union officers minimize the interim employment in Chicago, they agree that the strikers were more successful in getting part-time jobs there than they were in the smaller towns. Neither company nor union has any data available to show to what extent employees worked at other jobs during the strike, and the union followed the standard practice of securing relief contributions for needy strikers' families during the period.

Limited UAW strike in 1947

On August 16, 1947, the company concluded a stormy session with the United Auto Workers, arising from the union suability clause of the Taft-Hartley law. The UAW unit at the Indianapolis plant struck for 10 days on the issue, allegedly because of intraunion factionalism. The stated policy of the UAW international was to secure a blanket immunity from suits against it. The contract was finally signed a week before the August 22 dead line, and provided that in cases of unauthorized strikes the union would post notices disavowing the strike and ordering the members back to work, and take such further steps as it, "in its discretion, considers reasonable and appropriate under the circumstances" to make the notice effective. In return, the company agreed not to sue in cases of unauthorized strikes and stoppages when the union met these requirements. The clause has not yet been used, since relations in the past few months with UAW have been very peaceful.

Company attitude toward UAW

The company considers the UAW a difficult union to deal with in that it tries to get everything it can for its members. However, company officers place it in a separate category from FE since, despite its militant efforts for better conditions, it, in their opinion, abides by a contract once negotiated.

SECTION III. PRESENT AGREEMENT

Since the company deals with so many different unions, no attempt is made to analyze each contract, and the comments that follow in this section are restricted to the FE agreement.

Union security

Company policy rejects any proposal which would require that a man be a union member in good standing to get or keep his job. It is particularly emphatic in its view that one of the prerogatives of management is the right to maintain strict control of its own labor supply. Its lengthy strike in 1946 found the company and the Farm Equipment Workers stalemated on the issue of maintenance of membership. The strike was settled and that contract signed for check-off only with a 7-day escape period.

Productivity

It is provided that the management will determine the products, the schedules of production, and the type of equipment to be used.

Wage rates and differentials

Wages are computed on a day-rate basis and incentive piece rates, depending on the job. There are geographical differentials set up, and this feature precipitated the 1947 strike at the Louisville tractor plant where the FE demanded that the Louisville area be placed in a higher-rate category than the company wished. That point was compromised, and the strike was settled after a 6-week struggle.

The grievance procedure

The handling of grievances is the most difficult problem in the company's relations with the FE. The procedure provides that the griev-

ance be taken up at step 1 between the employee concerned or the union steward and the foreman, the answer to be given within 3 days; step 2 between the plant grievance committee and the manager of the industrial-relations department, the grievance to be submitted to this step 2 days prior to a meeting at which it is to be discussed with the industrial-relations manager who is required to give his answer in writing to the union within 5 days following the meeting; step 3 between the plant grievance committee of the union and the works manager with the same time limits as step 2; step 4 provides for submission of unsettled grievances to final and binding arbitration.

The cost of the grievance procedure

The company bears the expense of investigating and discussing grievances when the time devoted thereto is spent at the work site. The expense varies with the activity of union stewards and grievance men at the various works, and there is the feeling among some company officials that many of the stewards and grievance men are more interested in devoting their time to promoting grievances than they are in working at their assigned jobs. Many stewards and grievance men habitually spend almost 40 hours a week on grievance matters. The expense to the company for this activity sometimes is as high as $3,000 a month at East Moline, Ill., the most sensitive plant in the entire chain.

Arbitrations

There are three arbitrators named in the FE contract. This arrangement was arrived at in May 1947. Both company and union seem to agree that a single permanent arbitrator would be more satisfactory, but neither appears willing to run the risk of naming an arbitrator who might prove partial to the other side.

The recent trend in the FE is one of filing grievances in great number, the vast majority of which are denied by company officials and then submitted to arbitration by the union. The company states that 411 cases were submitted to arbitration during 1947, and that these cases represented 425 grievances. The FE claims that approximately 1,000 cases were arbitrated. The parties disagree in their method of counting. For instance, at East Moline, 27 individuals filed separate claims on the same wage issue. The company considers this as one issue, while the FE calls it 27. The union calls it 27 victories, and the company regards it as 1 loss. Thus, until more specific data are available, it is not clear whose position is more often upheld, nor can the exact number of real issues be determined. But regardless of the statistics, it is clear that by normal industry standards, the figure will approach astronomical proportions; and the arbitrators do not have time to keep the hearings current.

FE members' dissatisfaction

With this enormous number of arbitrations, there is the inevitable condition of grievances piling up. A number of union officials stated there is definite membership dissatisfaction with the union because of its failure to settle grievances in fairly rapid time. Evidently, each member feels that his grievance is urgently important and the union is then faced with the problem of explaining to him why it has been denied, or why union officers may decide that, because of the expense involved, it cannot be arbitrated. These officers say there are definite signs among the members that many will take advantage of the escape period when the contract is renewed for the sole reason that they feel their money paid in union dues is not bringing any return in the way of satisfactorily handled grievances.

Alleged spurious grievances

Several company officers brought out another point which might indicate that stewards and committeemen occasionally submit grievances to justify the time they spend on union matters; that they actually promote or invent grievances, and that the complaints do not always originate with the allegedly aggrieved employee. They explained that in many cases when the answer is given to an employee telling him why his grievance is denied, that is his first knowledge that a grievance had been filed on his behalf. Company officers attribute this condition solely to overactive stewards and committeemen who are more anxious to stir up trouble than they are to work at their assigned jobs.

The nature of the grievances

Grievances have steadily increased in number during the last 3 years. Company officials agree that the situation was not helped by employee confusion in the transition from wartime laxity to a precise peacetime interpretation of the contract. However, they blame the FE for this. They feel that the transition to peacetime standards is just one in a series of situations the FE has used to promote unrest, stir up ill will, harass the company, and convince as many members as it can that labor relations with Harvester is and must be class warfare.

The union, however, is just as vehement in charging that an anti-union company policy, implemented at all levels by supervisors, is the source of all the trouble.

The grievances cover a wide field, with disputes over piecework prices, allowance rates, time studies, seniority, and job assignments in the forefront. About the only point on which both parties agree is that the vast majority of FE grievances relates to the piecework prices and the allowance rates.

Company policy on discrimination

The company has a liberal antidiscrimination policy embodied in its union agreements. It provides that there will be no discrimination against an employee because of race, sex, political, or religious affiliation or nationality. The company's thinking on this is that it must be developed slowly, that whenever an issue is faced it must be dealt with firmly and finally when it is first presented. While it has not been developed to a point where Negroes are in all phases of the company's operations, they are brought in or promoted when the occasion warrants. The officials realize that this problem is very sensitive and they do not fashion themselves as "crusaders." There have been several tests of strength on the issue recently; one of them involved a wildcat stoppage at the Farmall Works in Rock Island, Ill. Employees in what had theretofore been known as a "white man's department" walked out in protest against the transfer to that department of a competent Negro worker. The FE and the company cooperated on the issue, and the stoppage was brought to an end in about 2 days. The transferred employee was retained in the new department. They cited a

similar instance where a chief stenographer of many years' experience in the general office protested against the proposed hiring of a Jewish girl to work in her department. Officials asserted the company policy and informed the older employee that this was a matter of management prerogative which would be enforced. Both incidents have passed, the employees are working out very satisfactorily, and the differences have been forgotten. There are many Negroes in the Harvester general office, but none in policymaking positions. It is apparently taken for granted by the employees that the antidiscrimination policy will be strongly enforced. Miss Sarah Southall, who was a member of the late President Roosevelt's first FEPC advistory group, directs the company's policies on racial relations in her capacity as assistant to the vice president in charge of industrial relations.

SECTION IV. OTHER LABOR POLICIES OUTSIDE THE AGREEMENT

Orientation of new employees

The company carries on an elaborate training program. The first step is an orientation course for new employees. This is presented in five sessions where the employees are told of the company's operations, its policies, its products, its organization, and any practices peculiar to the plant where the new employee will work. This orientation program is generally designed to be noncontroversial, and the only mention of labor unions occurs in the discussion of the company's policies. Labor relations are mentioned there only to the extent that unions are certified and recognized by the company; that the employee may or may not join if he wishes, and whichever way he decides will not affect his relationship with the company. Several FE officers stated that company spokesmen have at times attempted what seemed to be anti-union indoctrination, but, generally speaking, the union has no complaint and expressed a lack of interest in this orientation series.

Premanagerial training

There is also a leadership course, which is a premanagerial training program, given at each of the works. Prospective supervisory employees are interviewed, given an intelligence test, and enrollment is voluntary. There is no specific promise of a managerial job attached to this training but, as a general rule, if a man shows interest and competence, he will be promoted. FE officers say that this course has been used at times to draw able union officers into the ranks of management. However, they realize that this type of employee advancement is unavoidable, and while they impugn the company's motives, they do not think too seriously of this leadership course as a potential union-wrecking instrument, since it gets at least some men into management ranks with understanding and sympathy for unions.

The question of foremen's unions

While some militant union members have been promoted to supervisory positions, the company has not been faced with the issue of a foremen's union in any of its FE plants. Supervisory employees are excluded from the appropriate unit in the FE contracts, and no separate foremen's group has made any demand on the company for recognition at plants represented by FE.

The Wisconsin Steel Works in Chicago is the only plant where a foremen's issue was raised. At that plant, the NLRB ordered elections for two units of foremen. The general foremen voted against a union, but the group comprised of the foremen and assistant foremen voted for union representation. The company refused to recognize the union and intended to fight the case through the courts. However, the Taft-Hartley law was passed in the interim, and the issue has not been pressed by either side.

Foremen training at the various works

Each plant has conducted a training course for its own foremen for many years. The FE feels that this course has been used completely to indoctrinate foremen with the antiunion thinking which it ascribes to the Harvester Co. Again, they profess a lack of interest in the course and indicate that it is simply a part of what they consider the basic struggle between labor and capital.

The new central school for foremen

Beginning December 1, 1947, the company instituted a new course for foremen, to be presented at the company's central school in Chicago, with supervisors from the rank of assistant foreman invited to attend. It is rather elaborate and is designed to give the foreman a better understanding of the many facets of his job. It is prepared under the direction of the training division, is a 3-week program, paid for by the company, with the subjects covered by company personnel and qualified experts from a number of Chicago colleges. Union-management relationships will be discussed extensively, covering the background and history of unionization, the characteristics of unions, the relationship of foremen to unions, the foreman's place as a member of management, the company's over-all policy on labor relations and how the foreman should implement this policy at his own level.

It is planned to have a nationally known union officer make a talk at the beginning of each 3-week program, but the FE has not been asked to participate.

The FE officers said they had insufficient knowledge of the new school, its course, or its purposes to comment on it at this time. They indicated their feeling that it was probably a centralization of the "antiunion" instructions heretofore given at the various plants.

General welfare program

The company's employee service and welfare activities may be generally classified into an after-hour educational program and several plans, such as benefit association, group hospitalization, and group life insurance plans, and, to a lesser extent, the various company publications and advertising media.

After-hours education

The after-hours educational program was begun in 1934 at the Canton, Ill., plant. It progressed very slowly and has been operating now on a major scale for about a year. Any employee who is interested is eligible. It costs him nothing except pencil and paper, and some of the courses admit employees' wives. The list of subjects is extensive, and the company will establish any type of course in which a sufficient number of employees express interest and for which facilities are avail-

able. The subjects run all the way from economics to fly casting. Employee cooperation is described by company officers as excellent and the company feels that whatever benefits the employee, whatever keeps him thinking, will redound to the benefit of the company. The company does not direct the course; it leaves that up to the teachers, who are selected from the best available authorities on the subject in the vicinity where the course is offered. These teachers are paid at the prevailing rates and in many cases are local professors from high schools and colleges.

The FE expressed a complete lack of interest in this program explaining that it is up to the employee himself to take such a course if he wishes. However, it will take issue with the company should it learn of any attempt to use these courses to indoctrinate employees with antiunion feeling. Thus far, FE has neither heard nor noticed any such attempt and has no quarrel with the company on this educational program.

Pension, hospitalization, and insurance programs

A pension plan was instituted in 1908, financed by the company. Payments were based on length of service. When the social-security laws became effective on January 1, 1937, service credits were frozen. However, employees continue to draw pension payments based on service time accumulated prior to 1937.

The Employees' Benefit Association, also established in 1908, provides for disability, pregnancy, and dismemberment benefits to employees who participate. The rate of contribution to this association varies with the weekly salary of the individual. Group life insurance and group hospitalization plans are the usual type. Hospital and surgical benefits are available under the hospitalization plan for employees and their dependents.

Participation in the Employees' Benefit Association and group hospitalization plan ceases when an employee leaves the company, but he retains any paid-up pension or life-insurance rights to which he may already be entitled.

The unions, FE included, have not injected themselves into the operation of these insurance, hospitalization, and pension plans.

SECTION V. UNION BARGAINING METHODS AND PROCEDURES

The union negotiators

Within the FE there is a Harvester council which does the union's bargaining. Gerald Fielde, the international secretary-treasurer, is the chairman. The six district presidents participate and, while the locals elect their representatives, the international encourages them to send the local president and chairman of the grievance committee into the negotiations. This Harvester council adds up to an unwieldy number, so a committee is appointed from its members to conduct the active bargaining when negotiations are under way. The others not on the committee serve as advisers. The contract is drawn up by this committee with company officers and then submitted to the separate locals for ratification. There is some question on the extent to which the international affects these negotiations or what voice the locals have in bargaining. According to the company, Mr. Fielde and several of the district presidents are the guiding forces for the union, and the other representatives do not have much to say in the "across the table" dealings. A specimen contract is drawn in these top-level negotiations. The paper is initialed by the union representatives and company officers. Then, when it is ratified by each local involved, a definite agreement is written and signed by each at the plant level.

Tenure of contracts

The FE contract is on a year-to-year basis as is the UAW, but the other union contracts differ greatly in tenure.

Class warfare charge

Company officials take the strong position that the FE international officers, whom they describe as irresponsible radicals, are the dominant personalities and that their concept of labor relations is simply class warfare. The company is vehement in its position that these officers are not interested in industrial peace and that all their activity, including contract negotiations, is aimed at fomenting unrest and creating distrust for the company in the minds of all the employees.

Apparently there is little chance for effective intra-union differences, and the present leaders of the FE have a very firm grip on the organization.

FE international's view of the arbitration question

Again, regarding arbitrations, the final decision on whether a case will be arbitrated rests with the FE international office. The officers say that because of the prohibitive cost of arbitration they are forced to withdraw many cases which they feel have merit, and they insist the company forces these issues to arbitration by a consistent refusal to be reasonable in the earlier steps—and that they do so in the hope of wrecking the union financially.

Wildcat strikes—FE

The FE disclaims any union leadership in the great many stoppages of the past few years. It says they are all wildcat. However, they are supported to the extent that the union officers invariably do what they can to settle the issue in favor of the members. Under the terms of the contract, the company will not discuss the grievance while the stoppage continues, and in order to make discussions possible the FE generally cooperates by getting the men back to work.

Wildcat strikes—UAW

While the United Auto Workers' recent change in leadership opens a separate chapter in Harvester labor history, the company believes that the union will adhere to its practice of the past of living up to the terms of a contract once negotiated. It does not underestimate the militancy or bargaining power of the UAW but says that unlike its experience with FE, it has found UAW responsible in abiding by its contracts.

The contract with UAW negotiated August 16, 1947, referred to in section II, contains a clause providing that in case of a wildcat stoppage, the union will post notices announcing that the stoppage is unauthorized and will take any other action which in its discretion it believes will bring the strike to an end. No case has developed yet to test cooperation under this clause.

FE use of Federal agenies

The FE made extensive use of the facilities of the NLRB prior to the Taft-Hartley law. It has also used the facilities of the War Labor Board and the Mediation Service. To date, the FE has taken no steps to avail itself of the facilities of the NLRB, and has not met the registration and affidavit requirements for union officers set out in the Taft-Hartley law.

Effect of Taft-Hartley law on UAW-Harvester relations

The officers of the UAW say they have had insufficient time to learn whether the Taft-Hartley law has had any effect on their operations other than the requirement in their present contract for the posting of notices disavowing wildcat strikes.

Effect of Taft-Hartley law on FE-Harvester relations

The FE feels that the Taft-Hartley law is the source of its latest difficulty with the company since, prior to its enactment, the union officials think President McCaffery could not have safely published his letter of October 20, criticizing the FE leadership and urging the employees to unseat the present international officers.

SECTION VI. EMPLOYERS' BARGAINING PRACTICES

While this study has not determined the precise manner in which union requests and demands are met across the bargaining table, there is strong evidence that the company's attitude is characterized by a well-defined standard of its own prerogatives and by adherence to position. For instance, in the lengthy negotiations with FE in the 1946 strike, the company refused to budge in its insistence that no employee be required to rely on good standing in the union to keep his job. It thus succeeded in eliminating the wartime maintenance of membership clause from the contract. This control of its own labor supply evidently meant more to the company than the advanced costs resulting from the wage increases granted in the same contract. It first demanded that the increased wages become effective only when price relief was obtained from the OPA. The FE balked at the waiting, and the company retreated from its position and put the new rates into effect immediately.

FE-company contact at all levels

Union stewards and company foremen are in continuous contact with each other and the stewards and grievance committee men have ready access to the industrial relations managers at the various plants. The only requirement on meeting with the industrial relations manager is that a 2-day notice be given him when the meeting is for the discussion of particular grievances. The contract provides that the works manager in each plant will meet at least once a month with the plant grievance committee, and at the request of either party an international union representative may be called into this meeting. Since the international union headquarters and the general offices of the company are both located in downtown Chicago, the top level officials of both organizations have ready access to each other to discuss some of their day-to-day problems.

These top level officers meet whenever needed to discuss the terms of a new contract or any other separate issue important enough to demand a formal meeting. For instance, they were recently in continual

negotiation for nearly a year on the readjustment of labor grades and job classifications.

Counterproposals to FE

While detailed data are not available on the nature of the day-to-day negotiations, the FE agrees that the company has shown a willingness to make counterproposals, the only difficulty being that in the eyes of the union they are generally not acceptable ones. However, in the recent strike at the Louisville tractor plant when the negotiations were nearly 6 weeks old, the company offered to take the plant out of what the union considered to be a discriminatory, lower Southern rate. The union accepted this proposal and the strike was settled—although the figure was not all the union wanted.

Counterproposals to UAW

The same willingness to make counterproposals prevailed in the company's August 1947, difficulty with the UAW. There, the UAW, following a policy enunciated by the international, insisted at the outset that the company agree that under no circumstances would it sue the union. The company officers refused, and a compromise was reached wherein the union accepted the company's proposal not to sue in unauthorized strikes and stoppages where the union will post a notice disavowing the strike and directing its members to return to work, and will do whatever else it "in its discretion" thinks will carry out the intent of these notices.

Relation of labor costs to company's bargaining position

Since the company operates in many highly competitive fields—farm implements, trucks, refrigeration equipment, etc.—its collective bargaining contracts are definitely influenced by the consideration of labor costs and the other costs of production which, if ignored, would have an effect on its competitive position in these industries.

The FE claims that the company's insistence on maintaining its economic position goes beyond the factors of competition and is part of an over-all antiunion program which the FE ascribes to the National Association of Manufacturers. The FE brings in this thought since President McCaffrey is on the board of directors of the NAM.

Control of labor supply

Perhaps the one item on which the company maintains the firmest position is its control of its own labor supply. It insists that it must keep this prerogative and that it must be the sole judge of whether or not an individual will be hired or fired. It fought the 1946 FE strike on this issue and succeeded in eliminating the wartime maintenance of membership clause.

Control of productivity

The company controls employee productivity—over considerable FE objection at times—by time study and piece rate setting. It also retains through the contract the right to refix any rate whenever such a move is dictated by a general wage adjustment, an error in setting the piece rate price, or changes in specifications, methods, or equipment.

The intent of the parties in the FE contract

The company has run into trouble with the FE over its carrying out the intent of their agreement. The union objects to the group of com-

pany officers who study the written agreement and set company policy on the manner in which it is to be carried out. FE says these men are not those who participate in negotiations and their analyses and instructions do not agree with what the parties intended, this intent presumably being expressed in the discussions before the exact terms of the written agreement are reached.

Arbitrators' awards as precedents

The FE accuses the company of bad faith over its alleged failure to adopt arbitrators' awards as precedents for the same and similar situations in the future. Company officials reply that they are generally willing to accept any sound principle enunciated in an arbitrator's award as a precedent for future grievances. However, they say this poses several problems. First of all, the adoption of a principle from an arbitrator's award is a job which requires a great deal of study and in view of the tremendous number of awards in recent months, top ranking company officers simply have not been able to cope with the project. They are working on it, and the manager of labor relations does not believe the assignment can be too freely delegated to his lower echelon assistants. He agrees that some of the awards should be accepted as precedents and instructions given to foremen to follow the rules set down by the abritrators. However, many of the decisions are too vague and the principles on which they are based are not readily ascertainable. There is the added difficulty of conflicting awards in similar situations from different arbitrators. Others in the eyes of the company are clearly erroneous and will be accepted only in the adjudication of the particular issue involved, but will not be applied as a precedent for similar situations in the future.

SECTION VII. EVALUATION OF COLLECTIVE BARGAINING

Collective bargaining between the International Harvester Co. and the Farm Equipment and Metal Workers of America, CIO, has degenerated into open warfare. Company officials assert, however, that it is not directed against unions in general or even FE in particular, for they feel that harmonious relations may still be achieved. The offensive war is directed against the present leadership of FE, and the company has elected to fight through the membership of FE. This fight began when President McCaffrey charged in his letter of October 20 that the FE leaders were irresponsible radicals and urged the members to unseat them. McCaffrey blames these leaders and their policies for nearly all the company's recent labor troubles. He points out that the vast majority of work stoppages in the entire Harvester operation for the past 3 years has been caused by the FE—more than 80 percent of the total. He presents the company's wish to have peaceful labor relations, says every possible effort has been exerted to that end, but to no avail. He calls attention to the good terms on which the company operates with all its other unions—25 other internationals, cites the company policies as being similar for all, and then wonders why it is that FE finds it so hard to get along when the others are willing to abide by the conditions of contracts not much different. He answers his own question with the suggestion that the present FE international officers do not represent the wishes of their members, and that it is therefore up to the rank and file to vote the leaders out of

office. He emphasizes the loss in wages to FE employees and says the union officers are doing their best to make their members lose more money. He closes by urging action for "good relations between your union and your company."

The FE considers this step by the company an unwarranted interference in the union's internal affairs. It lays the blame first on the Taft-Hartley law for making such an employer program possible. It throws the "irresponsible" charge back at the company, and cites the company's refusal to abide by the arbitrator's decisions, apparently referring here to the failure to establish precedents through arbitration awards and apply these precedents to like situations which follow. It points out that since the union had to take 1,000 cases to arbitration in 1 year, the company "honors its contracts more in the breach than in the observance." This charge of breach of contract is flatly made with no answer to the next logical question of whose position is sustained in the majority of these arbitrations.

It reviews the company's history and says the tradition of the McCormicks and Harvester is one of ruthless antiunionism. It cites the Haymarket riot of 1886, accuses the company of monopoly, rigging prices, and fighting competition by sabotage and strong-arm tactics. It calls attention to its own organizing battle and legal battle which resulted in the NLRB's decisions that the Harvester industrial council plan and the Harvester independent unions which succeeded it were company-dominated and in violation of the Wagner Act. It accuses the company of having secretly lobbied for the passage of the Taft-Hartley law and of now using that law to further antiunion aims.

Regarding the company claim that it gets along pretty well with all other unions, the FE reiterates its claim to the pace-setter role for all Harvester employees. It says it must establish gains, which the company then simply passes on to the others, and because of this situation FE is forced to engage in more union activities including "so-called work stoppages" which, in its view, result from lower echelon management representatives' following the "old tradition of trying to break the union."

The recent history of collective bargaining between this union and International Harvester has been one of diminishing cooperation. Both parties fight stubbornly, as evidenced by the 1946 strike, which lasted for 3 months, in all plants represented by FE, and the 6-week strike in the fall of 1947 at the Louisville tractor plant. These issues were compromised after considerable difficulty, but along with the many work stoppages and the great many arbitrations they have engendered deep and obvious bitterness and distrust, which is common knowledge to company and union alike at all levels.

Now that the war is out in the open, with each side less able to "save face" in any possible backing down, it seems less likely that the top-level officials can resolve the dilemma. Whether the employee members can adjust the situation still remains to be seen. There is also the possibility that another union may try to take over, or that the company's going to the members over the heads of the union officers may boomerang in greater FE unity with support from other unions who may not agree with FE thinking and tactics but who might view the company's aim as either vicious or paternalistic antiunionism.

THE LINCOLN ELECTRIC CO., CLEVELAND, OHIO

The Lincoln Electric Co. is the largest manufacturer of arc-welding equipment in the world. The company states that its employees are among the most efficient and greatest producers in the world. Lincoln's success in maintaining high wages, full employment, high production, and low selling prices for more than 15 years attests to the substance of this claim.

The concrete achievements of the company are spectacular. Among the most significant are the following:

1. Between 1921 and 1947 the company achieved an 87-percent reduction in the hours of direct labor required to manufacture an arc-welding machine, and between 1919 and 1947 it achieved a 96-percent reduction in hours of direct labor required to manufacture an electrode, its other major project.
2. The selling price of a 200-ampere welding machine decreased from $1,500 to $230 between 1931 and 1947. The selling price of a class E6010 electrode decreased from 15 cents to 7 cents per pound during the same period of time.
3. Between 1932 and 1947, while prices were declining, the output per man, or productivity, measured in terms of dollar sales, increased from $4,000 to $28,000. If prices had not been reduced, but remained at the 1932 level, this productivity figure would be $56,000.
4. Dividends have steadily increased, and since 1922 stock has been split 10 shares for 1. The stock today pays $6 per share. The owner of 1 share in 1922 received $3 in dividends. Today, if that share had been retained, the investment would bring $60.
5. Between 1928 and 1947 the average annual wage of its employees increased from $2,000 to approximately $6,000 per year.
6. The personnel on its pay roll increased from about 350, in 1932, to 1,024, in November 1947.
7. The company, compared to other manufacturers, has succeeded in holding to a minimum the ratio of direct labor cost to the selling price of its products.

The company unhesitatingly attributes these achievements to the successful operation of its incentive system.

This report is primarily concerned with the company's labor relations and the extent to which the company's incentive system and other factors in the relationship between management and employees have elicited the employees' wholehearted cooperation in the enterprise and contributed to the company's substantial industrial achievements.

I. THE COMPANY AND ITS LABOR FORCE

During 1947 electrodes constituted approximately 47 percent of the company's products on a sales dollar basis. Arc-welding machines and generators constituted 46 percent. In addition to its manufacture

of electrodes and electric-welding machines, the company manufactures and sells welding accessories which constitute the remaining 7 percent of its sales. Such accessories include helmets, arc-welding cable, cable connectors, electrode holders, protective lenses and ground clamps. Helmets, lenses and cable are not manufactured by the Lincoln Electric Co. but are supplied to Lincoln by other manufacturers.

The company was established in 1895 for the manufacture of motors and dynamos. It was incorporated in 1906, and the first welding machine was made in 1909. Welding was used first commercially as a tool for repairing broken castings and other minor repairs. During the period between the First and Second World Wars it was developed, however, as a production tool for joining metals and became the standard fabricating process in many industries. The role it played during World War II is well known and as a result welding received a tremendous impetus. The Lincoln Electric Co. discontinued making motors completely by 1940 and concentrated on the welding field. From its initial beginning, with only $150 capital, it has grown to become the producer of over half the arc-welding equipment made in this country.

The company's only plant in the United States is located in Cleveland, Ohio. At the present time, the company has two plants in other countries: one in Sydney, Australia, which employs approximately 100 persons, and one in Toronto, Canada, employing approximately 155 persons. In 1947 the company sold a third plant located in London, England. The same products are manufactured in these foreign plants as at the Cleveland plant. Although Lincoln owns these foreign plants as subsidiaries, they are locally managed and no effort is made to exercise any control over their operation from Cleveland. This study is confined to the Cleveland, Ohio, plant.

The Cleveland plant consists of two buildings known as plant 1 and plant 2. The company's electric welding machines and generators are manufactured in plant 1. Plant 2 houses the electrode department. The Cleveland plant employed about 1,024 persons in 1947, of whom 899 were production workers, including 20 women. The number of women employed in the factory is about the same as it was before the war. They are employed only on jobs of light work at which in the company's experience, they have proved efficient. The office staff in Cleveland is composed of 74 men and 51 women. The company also employs approximately 100 salesmen in offices located throughout the country. The employees are almost entirely recruited from the Cleveland area. Examination of the names on the company's pay roll discloses a cross section of Cleveland's heterogeneous population and indicates that the company's recruitment of new employees is not discriminatory on a nationality background basis.

The factory is organized into 13 production departments, each of which is supervised by a production foreman. As of November 1947, the largest of these departments had 94 employees, the smallest 12. In addition to the production departments, there are seven other departments, such as shipping and the stock department, which are not directly engaged in production. Company officials describe the work of the great majority of the production employees as semiskilled in character, as measured by the training period needed to attain normal efficiency at the operation. The company also employs a number of

skilled employees in traditionally craft occupations, particularly electricians, machinists, and die-makers, as well as highly skilled testers.

The most outstanding evidence of the success of the relationship between management and workers of the company is the high productivity of the individual employee, which exceeds an annual average per employee of $28,000 in terms of dollar sales and the high take-home pay of the employees which in 1947 averaged somewhat more than $6,000 for each employee. The company denies that any special manufacturing or marketing conditions exist in the arc-welding industry which account for the high productivity and wages of its employees or its demonstrated ability to undersell its competitors in the United States and abroad. Neither the industry nor the company is favored by tariff protection or other beneficial governmental regulation. The industry, it is asserted, is highly competitive. Among the company's competitors in the manufacture of electrodes and machines are such well established companies as Westinghouse Electrical Corp., General Electric Corp., Allis Chalmers, Hobart Bros., Harnishfeger Corp., A. O. Smith & Co., as well as many smaller companies. The company assigns as the principal reason for its business successes the effect of the incentive system in encouraging and developing the ingenuity of every employee in devising methods for making a better and better product at a lower and lower cost.

Finally, with respect to the company's labor relations, it should be noted that no union organization exists at the plant, and at no time has any union seriously attempted to organize the company's employees. For many years, however, there has existed at the plant an advisory board, composed of employee and management representatives, which serves as an important medium of communication between employer and employees and which, it is claimed, has had a profound effect through the years upon the success of the company.

Mr. James F. Lincoln is the company's president. He assumed the general management of the company when his brother, J. C. Lincoln, retired in 1913 and turned over control to him. He has been the directing head of the company since that date. From the beginning Mr. Lincoln sought to enlist the cooperation of the employees as an indispensable factor in the successful operation of the company. It has been his purpose to develop an organization in which the way of life and work is directed by a philosophy of incentive. It has been his belief that, given the incentive, people respond with their latent abilities and enthusiasm with respect to their work. He has, therefore, sought through the adoption of incentive methods to arouse the latent abilities of the employees and thereby to increase production. Finally through fair dealing and qualities of integrity, as well as business success, Mr. Lincoln commands general respect.

II. THE INCENTIVE SYSTEM

The incentive system serves as the keystone of the company's management-employee relationship. Lincoln describes his incentive plan as an economic system designed to obtain the cooperative effort of all its employees for maximum production and attributes to incentive methods its unique success in maintaining high hourly wages, steady and increasing employment, high production, and low selling prices.

The incentive system embraces and touches every phase of the operations at the Lincoln Electric Co. At its core, Lincoln explains, it is an appeal directed to the basic instinct in every individual for self-expression. Every man wishes above all else to be recognized as a man among men, as a person who does his job better than the next man, and to be accorded recognition and rewards for such excellence. The system as such, therefore, is a system for appraising and rewarding performance and of keying that performance to low-cost manufacture of the best possible product. The lower costs in turn are passed on to the consumer, whose continued favor in the end is the support of the system.

How Lincoln appraises and rewards performance on the job is described hereinbelow. The measure in which it is rewarded is one of the most striking aspects of the entire operation.

During 1947 the average annual wage of its employees with the bonus was in excess of $6,000 and foremen were paid an average of $11,000. Typical bonuses paid were $5,500 to a foreman; $4,025 to a lathe operator, $3,700 to a cleaner, $3,960 to a trucker, $2,750 to a sweeper, and $4,300 to a grinding-machine operator. The bonus paid at the end of 1947 equalled approximately 117 percent of the total wages paid during that year.

A. The piece rate

Basic to Lincoln's incentive system is the piece-rate method of wage payment. It adopted this method in 1916 as the best way of assuring that employees in the enterprise be rewarded in accordance with their contribution to the business. The piece rate, it is held by the company, is the only method whereby accurate payment for production can be made. Accordingly the company has given the widest possible extension to the method of payment and nearly all jobs in the plant are paid by piece rate. Lincoln's time study men have even applied the piece-rate method of payment to employees in such departments as the stock and shipping rooms, where it has not generally been deemed applicable.

The work in the plant is of a kind to permit the successful application of the piece-rate method of payment. The company manufactures approximately 160 arc-welding machines per workday and about 70 percent of its production employees are engaged in this work. These machines are a standardized product in large measure uniform in construction. The substantial volume and relative uniformity of the products permits the break-down of the manufacturing process into a large number of specialized operations. This means the continued recurrence on most jobs of a uniform cycle of operation. At the same time, machines do not set the pace. The individual employee has scope to exercise initiative and skill to increase his output. Indeed, the company prides itself upon the constant ingenuity displayed by its employees in devising short cuts and improved methods to increase production and thereby to increase their earnings.

The electrode, which is the other principle product of the company, is manufactured on a mass-production basis and the extent of the individual employee's initiative and capacity to increase his production is somewhat restricted by the interdependent character of the jobs in that process. The plant in which the electrodes are manufactured is

not open to visitors. For this reason no specific conclusions can be drawn as to the applicability of the piece-rate method of wage payment to the jobs in this plant.

Excluded from the piece-rate method are certain jobs lacking in standardization or where the use of the piece rate would result in wage inequities. Clerical employees, maintenance and repair men, and toolroom employees are paid on time or day rate as their work is not easily susceptible to standardization in terms of a repetitive cycle of operation. Nor are piece rates paid to new employees, employees on new jobs, or for experimental work. It is generally held that the piece-rate system does not permit employees in such circumstances to earn a fair wage.

Job evaluation and time study are basic elements in establishing the piece-rate system. At Lincoln after a particular job has been defined by a job description, the foreman, the time-study man and, frequently, the employee on the job evaluate the specific job in relation to the other jobs in the plant. Through this process an effort is made to determine the relative importance of the job as a basis for fixing its money value. It is the job and not the employee performing the job which is evaluated through this process. The present scheme of job evaluation was instituted in 1942 by the advisory board, an organization, described hereinafter, composed of management and employee representatives.

Job evaluation is used to determine the base rate to apply at a given work station. The base rate is used to set individual piecework prices when the time element for particular operations has been determined. When job evaluation was installed, in no case was a man's base rate revised downward.

The company plan of job evaluation involves a consideration of six major factors: Mentality, which refers to the amount of basic education which the job requires; the skill needed to perform properly the job, which is usually dependent on the length of training and experience a normal individual needs to achieve normal production; responsibility, measured by the possible amount of damage to machinery or scrap and wastage which might result from error; mental application, which refers to the amount of mental concentration and thinking required on the job; physical application, which refers to the amount of effort or endurance required on the job; and, finally, the working conditions on the job, such as heat, cold, noise, and other physical factors which affect the degree of discomfort on the job.

The relative importance of the job and the base rate of pay varies between 55 and 85 cents per hour, and the great majority of the jobs fall in the rate brackets beeween 67 and 77 cents. Establishing a base rate by means of a comparative evaluation is essential to a system that proposes to give an honest appraisal of performance. Other than the cost of living adjustments and changes resulting from the restudy of specific jobs, discussed hereinafter, there has been no change since 1931 in these basic pay rates.

Each worker has the right to challenge his base rate. In cases of challenge the method of establishing rates is gone over with the worker in a conference with the director of personnel, the foreman, and the head of time study. The company states that a satisfactory adjustment or a justification of the old rate has been reached in every case

of a challenge. Men are encouraged to ask and understand about their base rates. Knowing how their job is rated in comparison with others gives men a broader understanding of the contribution of other men to the company.

The evaluation of all jobs is periodically reviewed to determine if conditions have changed that would warrant a change upward or downward. If the job is to be reevaluated downward, the old operator is given the choice of being moved to another job that takes the same higher rating or staying on his old job at the lower rate. In no case is a job evaluated downward with the operator unwilling to accept it. He will not be graded down until there is an opening for him to move to at his old rate.

With the worker understanding how his base rate is set, and believing that his job has been rated properly in comparison with others, the matter of setting piecework prices on unit jobs is a matter of measuring time only.

To compute the unit price on a job, it is necessary to determine the amount of work which should reasonably be performed on each job within a given time. As part of the task, the time-study department must develop the best methods for doing each job. They must determine the amount of time required to perform each unit of work in accordance with the best possible method. This permits a calculation of the number of work units which an employee should perform in an hour with reasonable ease. The piece rate is then computed by dividing the base rate of pay by the number of units which time study has fixed as the normal hourly rate of production. For example, on a 70-cent-hour job evaluation where time study has fixed 1.17 minutes as the normal amount of time required to produce a unit of work, the piece rate is computed in accordance with the following formula: 1.17 minutes per unit$\times$0.70/60=0.0136; 0.0136 cents then is the base piece-rate price for this particular operation.

To this base piece-rate price is added certain percentage allowances for safety, personal time, and fatigue factor. All piece rates carry allowances in varying percentages according to the nature of the work.

There is still one more element used in establishing rates. At the end of every 2-week pay period each worker's pay is figured either by multiplying the number of pieces he has made by his piece-work price, or multiplying his hourly rate by the number of hours he has in. To this total pay figure is added an upward adjustment commensurate with the increase in the cost of living. The company adjusts the pay roll upward whenever the cost-of-living index prepared by the Bureau of Labor Statistics in the United States Department of Labor varies by five points. This has always been upward ever since 1929. In November of 1947 the upward adjustment amounted to 75 percent. In other words, a piece-work price of 50 cents is adjusted to be 87 cents, although, for simplicity, the adjustment is made to the total pay at the end of the period.

The company lays great stress upon the accuracy and integrity of its time-study method. Lincoln states that the piece rates must be set in such a way as to induce the employee to use his skill and ingenuity for production at a maximum speed. For the successful application of the piece-rate method of payment as an incentive to greater production, the rate set must constitute a proper reward to the em-

ployee for the work performed. The piece rate must not be used as a device to speed up work and it must not be used to obtain the same or greater production for less pay.

Lincoln, since the institution of its piece-rate system, has made it an iron-clad rule never to cut a piece rate once it is set. The piece-work price set by the time-study department is guaranteed as long as that job is being performed, no matter how high the operator's earnings may be. Only where there is a change in the method, the design, or the tooling, will the company make changes in the piece rate set for the job. And the changes, the company states, must be substantial and not merely incidental changes made for the purpose of lowering a rate because the employee's earnings on that rate have increased beyond expectation.

Piece rates will not work as an incentive for production where the jobs have not been properly priced. If the price set is too low, this fact causes dissatisfaction among the operators because they cannot earn sufficient wages and it will destroy their confidence in the piece-rate system. If the price on a particular job is too high, the fact tends to make men on other jobs dissatisfied who are paid relatively less for the work they do. Should management cut the price to meet this situation, again the employees' faith in the integrity of the piece-rate system is destroyed. Under such circumstances, the piece-rate system, instead of serving as an incentive for increased production, will, and frequently does, cause employees deliberately to limit their production to protect themselves against increasing output without receiving commensurately increased earnings. The institution of a piece-rate system does not of itself provide an incentive for increased production. If improperly applied, the piece rate may serve to limit production. To stimulate the employees' desire to increase production, competent time study, proper pricing, and devising of the best methods of operation are necessary. And to these prerequisites the company adds the price guaranty as an indispensable factor in establishing and maintaining the employees' confidence in the integrity of the piece-rate system and in stimulating the employees, as a matter of self-interest, to use their capabilities to the fullest in doing their work.

The importance and extent of the functions performed by Lincoln's time-study department necessitates the training of competent time-study men. Four men and a supervisor do all of the time-study work. Each of these five employees has had extensive experience in the company's production department.

The time-study department sets approximately 5,000 piece rates each year. Many rates are estimated on the basis of previous experience in similar operations. A large number however is the result of detailed time and motion study. The methods used in doing jobs are continuously restudied in order to find speedier and less costly methods of production. The company has a policy of restudying the methods of doing each job at least once every 5 years.

An employee may at any time challenge a rate set by the time-study department. When a rate is challenged the employee making the challenge is taken off the piece rate. He is paid at the corresponding time or day rate until a decision has been made as to the proper piece rate. The day rate is regularly 80 percent of the job's base rate. When question is raised with respect to a specific piece rate the foreman in charge checks the methods used in doing the job at the time when the price was set with the metthods utilized by the employee on the job. If this check does not solve the difficulty, the time-study department makes a study of the job. If necessary, the time-study man will demonstrate the job to test the correctness of the rate.

Although the company places no limit on challenges, there are in fact surprisingly few disputes as to piece rates. Between 6 and 12 arise in the course of the year. The time-study supervisor states that in almost every instance the challenge results from faulty time study. The company attributes the infrequency of challenges to the skill of the time-study men and the reputation for fairness and thoroughness which they have gained among the production employees.

In 1947 the average hourly earnings, exclusive of bonus, of the company's employees was about $1.50. This pay is equal to or slightly higher than the average wage paid for similar work by manufacturing companies in the Cleveland area. The company states that the differential between the $1.50 average hourly wage paid during the year and the average base rate (adjusted for cost of living) varying from 96 cents to $1.40 per hour reflects the skills and speeds which the employees have attained at their jobs over and above the skill and speed contemplated by the time-study department in fixing the piece rate.

B. The bonus

The company pays its employees on the 7th and 22d day of each month, what they have earned in the preceding semimonthly period, ending on the 30th and 16th day of the month as the case may be. These semimonthly payments do not include any bonus payment. The pay checks are as large, however, as other workers are taking home in the Cleveland area and are generally adequate to sustain a reasonable standard of living. The addition of the annual year-end bonus to the wages paid during the year establishes the company's claim of paying the highest industrial wages in the world. The aggregate amount of the annual bonus is tremendous. For the past several years it has equaled or surpassed the total wages paid during the year. The average bonus paid each employee has steadily increased from the $350 paid in 1934, when the bonus was started, to the more than $3,000 average payment made in 1947.

The bonus was instituted in 1934 as the result of a request for a 10-percent wage increase made by the employee representatives at an Advisory Board meeting. When Lincoln told the employees that the company's profits did not warrant an increase in wages, one employee representative suggested the payment of a bonus at the end of the year if increased production and lower costs made this possible. With some hesitation, Lincoln agreed to the plan. He emphasized, however, that there would only be a bonus if improved efficiency justified its payment. That year production and profits increased beyond all expectation, and the employees' awareness toward the end of the year of the increase in production stimulated spirited speculation as to the amount of the bonus which would be paid. The general belief at the time held by the employees that the bonus might average from $35 to $50 per man was, in fact, exceeded many times and the average bonus paid for that year amounted to $350. Lincoln announced to the employees that the results for the year justified continuance of the bonus

and that there was no limit to what the employees might earn if they put forth their best efforts. He stressed, as the company has since that time, that the bonus was not a gift or hand-out but was compensation which the employees earned through increased skill and efficiency.

The success of the first year of the bonus stimulated countless suggestions to increase production and lower costs. Production and profits continued to increase and in 1932 a bonus averaging $480 per man was paid. As already indicated, the amount of the bonus has increased enormously until in recent years it has exceeded $3,000 per employee. The company's bonus paying record between 1934 and 1947 is as follows:

Year	Base pay of those getting bonus	Amount of bonus	Estimated average annual compensation per employee	Percentage of bonus to base pay
1934	$588,400	$131,800	$2,000	22
1935	754,000	226,500	2,500	30
1936	862,800	436,400	3,100	51
1937	1,055,300	672,800	3,700	64
1938	808,900	211,900	2,300	26
1939	997,200	495,700	3,100	50
1940	1,295,000	980,000	3,800	76
1941	1,860,700	2,071,300	4,900	111
1942	2,748,000	2,961,700	5,400	108
1943	2,901,700	3,180,100	5,500	110
1944	2,637,906	2,968,903	5,107	113
1945	2,603,233	3,057,282	5,500	117
1946	2,312,855	2,891,627	4,829	125
1947	3,217,610	3,767,830	6,048	117

The company states that the return to its employ in 1946 of a number of veterans accounts in substantial part for the relatively smaller average compensation paid that year. The returned veteran was not employed the full year and consequently this lowered the average compensation paid that year.

The amount of bonus money available at the end of the year for distribution to the employees depends upon the profitability of the enterprise for that year. After operating expenses are paid and the board of directors has established how much is to be put aside for seed money, for research, and for reserves, and after reasonable dividends for the stockholders have been computed, the remainder of the company's gross profits for the year is distributed to the employees. Every employee on the company's pay roll prior to October 30 of the particular year and still on the pay roll at the date of payment, except the president of the company and the chairman of the board of directors, share in the bonus. The individual's share of the bonus depends upon an appraisal of the relative worth of his contribution to the company's efficiency of operation and profit for that year.

The appraisal of a person's contribution to the company is not an arbitrary judgment but is based on evidence submitted by several different people. Each person is given a merit rating several times a year. Furthermore, those on piecework give a reasonably accurate picture of their concrete output by the size of what their take-home pay has been for the year.

It should be recalled here that all jobs have been evaluated comparatively. The job and not the man doing the job is rated. The

merit rating is intended to reveal how each individual is performing on his particular job. Thus, with job evaluation, merit rating, and the size of a man's take-home pay, an accurate estimate of a person's contribution to the company can be made.

Four principal factors are considered in assessing the merit rating of each employee. An individual employee may receive a point rating from one to a maximum of seven for each of the factors. These factors are cooperation, job knowledge, and performance, quality of work done, and quantity of work done.

The head of the time-study department and his assistants rate each worker on his cooperation. Since Lincoln philosophy insists that there is always a way of improving methods, change is the rule rather than the exception in the factory. The employees' willingness to accept change, his initiative in suggesting improved methods of production on his job, and his effort to reduce production costs through improvements in method constitute what is called cooperation. In a plant with approximately 1,000 production employees, 5,000 new piece rates in a year, and 15,000 current piece rates, the time-study department clearly has a substantial basis for evaluating the individual's adaptability and attitude to changes in manufacturing methods.

The employee's foreman or department head evaluates his job knowledge and performance. Comprehended in this factor is the employee's experience, his ability and judgment with respect to the work to which he is assigned, the degree of supervision which he required and the extent to which he uses this knowledge for the benefit of the company's cooperative effort. The production control department rates the employee with respect to the quantity of work which he has done and his contribution in maintaining production. Included within this evaluation are the employee's absentee record and proneness to tardiness. Finally, the inspection department rates each employee with respect to the quality of his output. A high degree of quality is normally expected, however, as the company does not pay for defective work. Each workman guarantees his work. Therefore, this quality rating largely is a measure of how much responsibility a man takes in making this guaranty effective so that little or no inspection is required.

The merit rating, it should be understood, is a comparative rating. Each man is measured on all factors as to how he compares with his fellow workers in his department doing comparable work. A good trucker will receive a 6 for a high degree of coperation just as will the trucker will receive a 6 for a high degree of cooperation just as will the truckers only, however.

Through the comparison of the plant average for each factor with the averages for the factor in the individual departments, adjustment is made for any variation in the relative severity or looseness of rating between the different departments. The totaling of the four grades with each employee receives results in an individual score varying from 4 to 28 points. The point score of each employee is then converted into a percentage figure. For this purpose a score of 16 points is deemed 100 percent. Accordingly, a score of 4 points will be valued at 25 percent; one of 8 points at 50 percent; and one of 28 points at 175 percent. If the total amount available for bonus payment equals the aggregate amount paid the employees semimonthly during the past year, an employee with a 100 percent rating will receive a bonus equal

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to the amount which he had earned during the year. An employee with a 175 percent rating will receive a bonus equal to 1¾ times what he was paid. If the total amount available for bonus payment at the end of a year were only 30 percent of the aggregate wages paid during the year, the bonus received by each individual would be proportionately smaller in amount.

The vice president in charge of manufacturing and the director of personnel directly supervise the merit ratings and check the four grades of each employee for accuracy and fairness. In view of a fixed company policy requiring top management to be keenly aware of the individual employee and his capabilities and potentialities, this procedure assumes significance as a check upon possible supervisory favoritism or abuse. Mr. Lincoln does not participate directly in determining the precise share of the bonus received by the individual production employees. He, nevertheless, closely follows the merit evaluation procedure to assure that the ratings are fair and accurate and sees that the bonus checks are made out according to evaluation. He personally determines the size of the bonus to be paid to the company executives and to his immediate subordinates. The size of these payments is, in most instances, substantially larger than the base annual salaries received by these officials.

The year-end bonus, the company insistently states, is not a gift or a present. It is not a gesture made by the company intended to buy the worker's goodwill. Every cent of it Lincoln claims is earned and this fact is constantly brought to the attention of those who receive it. Lincoln says that the size of the bonus is eloquent evidence of what a man will do working under an incentive system where he is paid for what he produces rather than for the amount of time he puts in. The bonus is payment for the measurable results of the cooperative effort put into the operation of the incentive system. The size of the bonus, it is stressed, reveals the success which the company has achieved in stimulating the "normally unused abilities of the workers."

The company states that its annual payment of the bonus and its piece-rate system have engendered in the employees an attitude and state of mind which tends to induce employee responsiveness to the incentive which it offers. The company emphasizes to the employees that the size of the bonus and of the individual employee's share in the bonus depends upon profits and the effectiveness of the individual employee's work in augmenting profits through increased production, the saving of materials and tools, the reduction of overhead and of unit costs in every possible way. The employees tend to consider every saving and improvement as of direct concern to themselves. Accordingly they have become keenly cost conscious and anxious to improve methods of production.

The trucker in a department, aware of the close relation between company profits and his take-home pay, anticipates the materials and parts which the operators will need to maintain continuous production. He knows that time lost for want of the necessary parts or materials adds to cost of production and he does not wait to be told what to bring. The individual employee clearly understands that the careless use of tools resulting in damage to tools and materials increases costs and correspondingly lessens profits. He realizes that not only will defective work directly affect his earnings because the company does not pay for substandard work, but that such work will increase the cost of production and thereby adversely affect bonus payments. Illustrative of the responsibility felt by the employee is a conversation heard by the investigator in which two employees mused why a trucker had failed to notice a defect in a run of parts which was conspicuous and easily discernible through visible observation.

While great emphasis is put on improving the output of piece-rate workers the importance of the effect of this cost consciousness on day-rate workers is not overlooked. Efficiency is marked in every service or overhead department. The small size of the time study department has already been cited. The personnel department is composed of two people. The toolroom over the past few years has been able to increase die life by well over 60 percent.

In this connection, the company also attributes its low accident rate and its low absentee rate to the employees' orientation to production, profits, and costs. Lincoln has a low experience merit rating under the Ohio State compulsory workmen's compensation law. Its safety program, however, is not extensive and it does not have a separate safety department. The director of personnel is responsible for maintaining safety standards. The company publishes in its Employees' Handbook, a number of basic safety regulations and maxims prohibiting, for example, running in the plant. Additionally, each department has its special safety rules. Company officials hold that an alert employee spurred by a desire to do his work efficiently will take necessary safety precautions and that the extensive and costly safety programs maintained by many industrial establishments is not needed in its plant.

Similarly, the company's absentee rate compares favorably with that of other companies. Thus, during 1947, absenteeism for all causes (other than vacations) amounted to less than 6 days per employee.

Today, as few as 25 inspectors take care of the company's entire inspection needs in plant 1, both with respect to materials received and to its manufactured product. The deepening sense of responsibility by the employees toward their work has made possible the substantial contraction of inspection as a separate function and department. In some departments, the company has succeeded in entirely eliminating inspection. It has made the employees responsible for the job of policing their work, adding, however, a higher job evaluation and correspondingly higher piece rate to compensate for the additional work and responsibility. In other departments where accuracy and quality are of more critical importance, it has established a spot-check system by members of the inspection department and partially eliminated inspection. The company's confidence in the reliability and competence of its employees has enabled it, without impairing, it is claimed, the quality of its products, more and more to place full responsibility for quality upon the production employee, where it initially belongs.

Moreover, the importance of the merit rating with respect to the employee's annual income, and his relative standing in his department based upon the merit rating, has developed a competitive spirit among the employees which reacts as a further incentive to effective job performance. The merit rating has had the effect of raising the level of performance of entire departments. As men learn of their deficiencies through the rating, they strive to improve their relative

standing. It is perfectly possible for a man who was at the top of the list to maintain his performance on the same level yet discover his rating has gone down because the rest of the department has come up.

C. Promotion policy

Promotion on merit is an integral and important part of the company's incentive system. The Employees' Handbook tells the employees that each individual's efforts to progress are carefully watched and his competitive spirit encouraged. It states that "no obstacle, such as seniority, bars his way," and that the more the individual employee "uses his initiative and the more he contributes to the company's success, the greater his reward in advancement and responsibility." Promptness in rewarding ability through advancement, the company states, characterizes its promotion policy. The employee must have every opportunity to advance as rapidly as his expanding abilities permit. It is the prompt recognition and advancement commensurate with added skills and abilities which encourage continuing efforts by the employee to develop his abilities and thereby to benefit the company. Promotion to better jobs in the organization are always made from within the ranks. The company maintains that its progressive expansion coupled with vacancies that occur naturally have provided full opportunity for advancement to all employees in accord with their abilities.

Each year, through an arrangement with principals of Cleveland high schools, particularly technical high schools, the director of personnel interviews a number of high-school graduates. Choosing from those who have distinguished themselves in high school as class officers, athletes, or in some other capacity, the director of personnel will hire as many new people as are needed. The company does not have many vacancies, and during 1947 it only hired about 35 high-school graduates. The company also hires each year a small number of graduates from technical colleges. These, together with a few promising individuals picked from the company's employees, constitute a group known as management trainees, discussed hereinafter, from whom the company expects to develop its future executive and technical staff.

The company's scheme of job evaluation is an important factor in the promotion policy. Although there are no fixed ladders of promotion, the newly hired high-school graduates are started, as a general rule, on the simpler and less responsible jobs, usually in the factory, which have the lowest base rates. As an employee gains skill and experience and demonstrates his increasing value to the company, he will progress to jobs having a higher evaluation and base-pay rate. The company encourages its employees to continue their education, particularly in mathematics, engineering, and other fields which may increase their usefulness to the company.

Jobs in the nonproduction departments are open to production employees. Many of the employees in sales, time study, inspection, engineering, and other departments have been promoted from production jobs to their present work. And, in turn, the company's executive talent has, in substantial measure, been drawn from employees with such a background in the company's work.

The company's aim is to draw its employees from school and to keep them until their working life is over. Because of this policy and the high wages paid, relatively few employees leave the company. During 1947 approximately 70 employees voluntarily left the employment of the company and about 55 were discharged for inefficiency or other cause. Additionally, one older man was retired during the year. The company has no fixed rule of discharging automatically men whose merit rating is below a given minimum. It discharges those men, however, whose merit rating, attitude, and lack of repsonsiveness to the incentive offered by the company demonstrate their inabiilty to adapt themselves to Lincoln work practices and procedures.

The company's turn-over in personnel is small, and its aim is to draw its employees from school and to keep them until their working life is over. Because of this policy and the high wages paid, very few employees leave the company. During 1947 approximately 70 employees voluntarily left the employment of the company and about 55 were discharged for inefficiency or other cause. Additionally, several older men were retired during the year. The company has no fixed rule of discharging automatically men whose merit rating is below a given minimum. It discharges those men, however, whose merit rating, attitude, and lack of responsiveness to the incentives offered by the company demonstrate their inability to adapt themselves to Lincoln work practices and procedures.

To take care of its older men, the company has a retirement-annuity plan which includes all employees. This pays the retired employee, as long as he lives, a monthly income, dependent upon his earnings and length of service. The employee's annuity rights accrue when he reaches the age of 60. The company, however, reserves the right to retire employees at an earlier age, and company officials intimate that the annuity plan is used to retire men who no longer, because of age or other reasons, have the full power of adaptation to change which the company deems of primary importance. At present the company has about 40 annuitants who draw an average monthly pension of $100.

Top management, foremen, and other supervisory personnel consciously assume responsibility for keeping in close contact with the quality and potentiality of all employees and constantly scrutinize the field for talent. The merit rating and job evaluation both serve as a review of the entire organization. Department heads, foremen, the director of personnel, and vice president in charge of manufacturing must make a thorough examination of each individual every time the rating is done. The director of personnel and vice president in charge of manufacturing both spend most of their day in the plant and know most of the men personally.

The advisory board, discussed below, has also served as a means of appraising qualifications of employees. The board meetings have uncovered potential executive talent among the employee representatives. Company officials assert that "a number of persons in responsible positions with the company had originally come to the attention of the management through the good judgment, intelligence, and knowledge of the company's operations which they demonstrated while members of the advisory board."

A further vital factor in the company's promotion policy is the management trainee program to develop executive supervisory and technical talent. The company places upon a special status prom-

ising employees in production and other departments as well as small groups of recently graduated college men. At the end of 1947, there were 15 trainees, of whom 5 or 6 were high-school graduates and the others had college degrees. A committee composed of the vice president in charge of manufacturing, the director of personnel, and the heads of inspection, time study, and production control is in immediate charge of the management trainees. The committee meets every 6 weeks or so. It shifts the trainees to different jobs with a view to developing them and giving them an extensive experience with respect to the company and its operations. All trainees, at some point, receive production experience. They are given experience in time study, production control, and in inspection. One job is reserved for the management trainees in each of these departments. The committee may assign special problems to the individual trainees with a view to testing their development and challenging their abilities. The experience of and jobs to which each individual is assigned depend upon his aptitudes and the assignments available for the trainees at the particular time. The management trainees are under continuous scrutiny of the committee which carefully follows their development and attempts to place them ultimately in the kind of work to which their talents and aptitudes are most closely related.

The vice president in charge of manufacturing also holds a weekly meeting with all the foremen, at which budget questions, production problems, job evaluation, waste, and all phases of the company's operations are discussed. These meetings serve to inform the foremen concerning company activities and developments. Frequently, a committee of foremen presents to the full assemblage of foremen a report on a topic selected by the committee and approved by the vice president in charge of manufacturing. The reports are in written form and generally result in tangible benefits. One such committee of foremen undertook as its report the drafting of the Employees' Handbook. The foremen meetings give top management a further opportunity to become "keenly aware" of the ability and potentialities of its employees and thereby they implement the company's promotion policy.

D. The suggestion system

"The suggestion system," the Employees' Handbook states, "is another means by which the Lincoln worker can contribute to his own progress. * * *" What distinguishes the company's suggestion system from that of other companies are the substantial monetary awards paid by the company to its employees for valuable ideas. The company pays employees 50 percent of the estimated net savings for 1 year for any idea offering "new methods or new products, new ways to eliminate waste, easier manufacturing methods, better sales ideas, or any other kind of progress." All employees are eligible except department heads and employees in the engineering and time-study departments. The engineers and time-study men are excluded because it is their regular job to devise improved methods of production and to reduce operation costs.

The suggestion system is administered by the director of personnel, who acts as a neutral party in seeing that employees' ideas are clearly and adequately presented for consideration and that the company's action on specific suggestions is understood by the employee submitting it. A committee composed of the director of personnel, the vice president in charge of manufacturing, chief engineer, chief of methods, and chief inspector reviews all suggestions submitted. They decide the usability of the idea and if usable compute the amount of award. When an idea is deemed not usable, a letter or personal interview explains to the employee the reasons for the decision.

The number of ideas submitted is fairly large. One week saw the submission of 33 suggestions; another, of 20; and in a third week, the committee considered 19 suggestions. The awards vary in size. Examples of the amounts paid are $27.50 for a cost-saving substitution of an automatic saw for a friction saw to cut hinge barrels; $5 for a tooling change in connection with a pressing and welding fixture; $2 for the shortening of a flex lead on a certain type of coil; and $13 for the elimination of a certain type of tag used on the assembly floor. Each year there are a number of awards which pay in excess of $200. The largest award in 1947 was $2,235 for an idea received from a shipping room employee. An employee on the assembly line received $685 for his idea. During 1947 the company paid a total of approximately $10,000 in awards to its employees for their suggestions. The company also pays a small award for suggestions which do not result in savings but which, nevertheless, have some utility and merit. As an example, $2 was paid for an idea which although it did not result in any measurable saving, made it possible to perform a certain job under cleaner conditions.

The suggestion system affords employees the opportunity to bring themselves to the attention of management. In this connection, the director of personnel cites an example which, although unique, nevertheless is illustrative of the utility of the suggestion system in attracting the attention of management to capable employees. A producion employee who had displayed not more than average ability and skill on his job asked to be transferred to the methods department. This department, as previously indicated, is primarily concerned with devising improved methods of production. The director of personnel told the employee that his job performance did not justify the transfer. He added, however, that if the employee demonstrated any increased skill or ability, consideration would be given to his request. Thereafter the employee began to submit numerous suggestions. A substantial proportion of these had value. The ingenuity and mechanical skill displayed in these suggestions and the large number submitted by the employee convinced the company that he would be a distinct asset to the methods department where the skill and ingenuity which this employee clearly possessed is at a premium.

III. THE ADVISORY BOARD

The advisory board is an important adjunct to the company's incentive system. Mr. Lincoln established the board in 1914 when he first assumed active direction of the company. The board was formed to give the company "the benefit of every worker's intelligence in the management and advancement of the company." In Mr. Lincoln's words, "If I could make those men as anxious to make the business succeed as I was, I knew it would succeed." The board was formed, then, as an organization of the company's employees to enlist the

cooperation of all the employees for the successful operation of the company. The statement in the Employees' Handbook that "few other developments have been as significant in the history and growth of the company as the advisory board," attests to the company's satisfaction with the board and its contributions.

Mr. Lincoln, the vice president in charge of manufacturing, the plant 2 superintendent, the director of personnel, 2 foremen, and 24 employee representatives constitute the board membership. Each of the 20 departments has 1 employee representative. In addition, there are 2 representatives for the women employees and 2 for the office employees. The representatives are elected for 1-year terms, and departments have elections in monthly rotation. There are no nominations. The retiring board member distributes the ballots to the employees in the department, who write in the name of their choice. The director of personnel counts the ballots in the presence of a few employees. To be eligible for election as a representative, the employee must have served 2 full years with the company. No member may serve on the board for more than two consecutive terms. Because of this rule and the relative stability of the company's work force, a substantial number of the employees have served as representatives on the board. The board has no officers. All its members have an equal standing, and each has one vote. Each representative receives $100 per annum to compensate him for the time spent in attending board meetings and in communicating information and the decisions of the board to the other employees in their departments. The board meets regularly every other Monday during the year. Mr. Lincoln attends all the meetings which are held in his office.

The constitution of the board describes the duties of the representatives, as follows:

> To bring up and discuss the grievances and complaints of those whom they represent, to make suggestions regarding the improving of working conditions, and to pass upon plans for the welfare and safety of the employees in this plant.

The board has, in large measure, functioned as a labor management production committee of the kind set up in so many plants during World War II. An examination of minutes of the board meetings discloses its primary concern with the business of the company and its problems.

Subjects discussed are matters of mutual concern to all. At the beginning of each meeting all members of the board are given the opportunity to bring up for discussion any matter or question to which an answer or explanation may be desired. This may be a request for action on some particular problem existing in the office or shop or may be a question on company policy. It may be a request from the vice president in charge of manufacturing for cooperation during some plant change. Each matter is open for discussion; and if official action is required, it is put to a vote of the entire board.

Following the handling of specific requests, the meeting is thrown open to a general discussion of some pertinent problem or phase of the company's operation. General business conditions, production problems, legal or financial problems, the suggestion system, length of workweek, annuity retirements, all at times have been before the board.

The company attributes to the board such significant accomplishments as the installation in 1915 of the price-rate system; the introduction of life insurance for all employees in 1915; the adoption of a policy of paid vacations in 1920 when paid vacations were not common for manufacturing employees; the introduction of the bonus system in 1931; and the establishment of an annuity retirement plan in 1936.

In addition to broad company policy, the advisory board is concerned with "grievances and complaints of those whom they represent." The need for repair of windows in the stenographic department, which could not be opened, is a typical grievance matter appearing in board minutes. Minutes of the board meetings, however, disclose but few matters generally considered as grievances. Most grievances are settled at the foreman's level, and the board, for the most part, devotes its time to more general matters affecting the employees and to production and other operational problems.

The board is an invaluable instrument for two-way communication between management and employees. Mr. Lincoln stresses the importance of employees learning about company developments from the company rather than from the newspapers or other outside sources. The board, then, has an important educational value in apprising the employees concerning the operations of the company, the economics of the industry, and basic Lincoln philosophy as applied to business operations. Its discussions impart to the employees an understanding of such matters as the importance of production costs, the relationships between profits and wages, and the constant need for improvements in production methods. The company states that it always follows a policy of full and complete disclosure to the employee representatives of all important developments affecting the welfare of the company. In addition to discussions based upon specific agenda, Mr. Lincoln takes the opportunity at the board meetings to give the employees general talks. In the past, these talks have dealt with such subjects as the further development of the incentive system, the necessity for lowering costs and prices as a means of reaching wider markets, and cooperation as a basic need for business success.

Conversely, the board conveys to management the employees' attitudes and is a rich source of information about the problems and preferences of employees. The employee representatives are given the explicit right to bring up any question at the meetings without fear of retaliation from management or the supervisory staff. The company states that the board's long history and the demonstrated immunity of the employee representatives from retaliation has given them full confidence that they may speak freely at the meetings. The frankness of President Lincoln at the meetings has also served as a stimulus for uninhibited discussion by the employee representatives.

The board is an advisory body. The president of the company may veto any board decision which is contrary to company policy. During the 33 or more years, however, in which the board has operated, President Lincoln has never exercised his veto power. Mr. Lincoln states that all board members have the same fundamental philosophy. The principal tenets of this philosophy as expressed by Mr. Lincoln are: (1) The company's job is to make more and more of a better and better product at a lower and lower price; (2) a man should be rewarded in proportion to his contribution to the success of the company; (3) the consumer should receive the major portion of the savings affected through better product design, improved methods of manufacturing, and more efficient operation. The acceptance by

all board members of these basic assumptions substantially contributes to the harmonious functioning of the board and makes unnecessary the exercise of the veto. In this connection, Mr. Lincoln insists that basic to the successful functioning of the board is the renunciation by management of authority in the formulation of board decisions. Management must persuade the employee representatives through full and complete disclosures of the facts and explanations of the why and wherefore of actions and policies under discussion which it favors. Board decisions and support of company policy must not and cannot be the result of management command.

Lincoln, then maintains that the advisory board has made positive and substantial contributions to the company and its operations. It has, according to the company, served to inspire effective cooperation between management and all employees. It has enabled management to keep itself informed of the problems of its employees, and, conversely, it has informed the employees about the problems of the business. The board has uncovered much executive and technical talent among the rank-and-file employees, and it has been an invaluable instrument for demonstrating to the employees the company's integrity and sincerity in its relationship with the employees.

IV. OTHER ASPECTS OF THE RELATIONSHIP BETWEEN THE COMPANY AND ITS EMPLOYEES

Other working conditions and aspects of the relationship between the company and its employees accord, for the most part, with the principles and procedures described hereinbefore.

The company views the plant as "a place to work." It provides adequate light, heat, water, washrooms, and a suitable cafeteria. But the plant is not equipped with "frills" such as smoking rooms, snack bars, or an address system. And the cafeteria, washrooms, and similar facilities which the company furnishes are unpretentious. Management has stressed to the employee; particularly through the advisory board, that all such nonessentials must be paid for as business expenses and therefore reduce the company's net profit. The reduction in net profit correspondingly reduces the size of the bonus, hence nonessential conveniences are recognized by employees as affecting their pay check. Accordingly, the employees themselves share the company's attitude of Spartan simplicity and consider expenditures for such facilities in the light of their effect upon profits. Economy in use of factory and office space and the simplicity of the workshop reflect the same attitude toward unnecessary expenditures. Lincoln's basic opposition to spending money for "frills," as they are called, stems from hostility to "hand-outs." The company views such expenditures as gifts and considers them paternalistic in character. The benefit derived by the individual employee from lavish facilities is not measured in accordance with his contribution to the success of the enterprise. All employees share alike in such benefits. Expenditures, therefore, for such matters contradict the basic tenet of Lincoln industrial philosophy that each employee should be rewarded in accordance with his contribution.

All of the company's employees work on an 8-hour shift and a 40-hour week. Neither the executives nor any other classification of employees have special privileges in this respect. Punctuality and a full 8-hour workday is expected from all alike. The employees of plant 1, where the welding machines and accessories, other than the electrodes, are manufactured, work in two shifts of 8 hours each. The manufacture of electrodes is a continuous process. For this reason, there are three daily shifts of 8 hours each in plant 2, where this product is manufactured. During World War II, Lincoln employees, like those of other companies, put in substantial overtime at their jobs. Lincoln, however, believes that the average man cannot put forth his best efforts for more than 8 hours a day. Accordingly, since the end of the war, overtime has become a negligible factor.

In 1918 the company adopted the policy of having paid vacations for all of its employees. All employees take their vacations at the same time, and every year the plant is completely closed down for this purpose for a 2-week period during the second and third weeks of August. Efficiency dictates the adoption of this policy in preference to a plan of staggered vacations. By completely closing the plant for a vacation period, the company avoids the inefficiencies attendant to the absence of employees and key personnel while the plant is in operation. Employees who have been with the company for 5 years or more are given 2 weeks' vacation pay; employees having from 1 year to 5 years of continuous service with the company by July 1 preceding the vacation period are paid 1 week's vacation pay. A week's vacation pay is considered one-fifty-second of the regular earnings in the 12 months prior to the vacation period. With respect to vacations, as in all other matters, executives have no special privileges. The vacation policy is applied alike to all employees whatever their rank or position.

In 1915 the company undertook to give each employee, within 60 days after his hiring, a life-insurance policy with a face value equivalent to a year's wages, not exceeding $2,000, payable to whomever the employee selects. This feature of the company's employment policy is in some degree an exception to its basic policy that earnings and employment benefits should correspond, as accurately as possible, with the employee's effectiveness as a producer. All employees receive the same benefit insofar as insurance is concerned, whatever their contribution to the success of the enterprise may be.

Lincoln also permits its employees to purchase stock in the company. Every employee who has been employed continuously by the company for 1 year or more may buy stock. The company's board of directors fixes the price of shares, and the employee buying stock pays the current price set by the directors. Lincoln stock is not registered on any stock exchange or for sale to the public. If a person leaves the employ of the company, the stock reverts to the company at the current price. Approximately 67 percent of the employees have bought Lincoln stock; and all of the stock, with a few minor exceptions, is held by employees. About one-third of the shares are held by workers. As previously indicated, the remaining two-thirds of the stock is held about equally by President Lincoln and his brother, J. C. Lincoln. In its Employees' Handbook, the company states that under its stock-purchase plan, the employee "works not only for his wages, but also to benefit himself as owner."

The personnel office consists of the directer of personnel and one secretary. Under the immediate supervision of the personnel director are the functions of hiring, discharging, job evaluation, merit rating, the maintenance of employment records, job placements and

transfers, as well as the cafeteria. The director of personnel also regularly attends the meetings of the management trainee committee, of the advisory board, and of the foremen.

In the employees' handbook the company states that "employees are discharged only if they build up a poor record." The employees have no employment status as the result of something like a collective agreement. Lincoln's insistence, however, upon fair dealing and the importance which the company attributes to the retention of the employees' confidence serves to prevent arbitrary discharge. Discharge must be for good cause and for cause which appears good to other employees. Mr. Lincoln takes personal interest in discharges and will always listen to the appeal of a dismissed employee. Company officials intimate that Mr. Lincoln's intervention in the discharge procedure has made supervisors and executives reluctant to discharge except for the best of reasons. In conclusion, the company's understanding of the need for maintaining employee confidence in its fairness gives the employees a form of job security and militates against arbitrary and "off the cuff" decisions.

IV. EVALUATION

The company attributes its success in large measure to the incentive system. There are, however, other factors which must be considered in evaluating the Lincoln plan. Among them are the expanding character of the welding industry during the lifetime of the company, the company's selective recruiting of its employees from the "cream of the crop," and Mr. Lincoln's personality as a dominant force in the company.

A great deal of the company's success in enlisting the cooperation of its employees for production is attributable to the personality and integrity of President Lincoln. In the operation of the incentive plan, as in all phases of plant activity, he exercises great authority and discretion. Because of his unquestioned integrity, coupled with the ability of the company to pay its employees high earnings over a period of years, his decisions have been accepted without serious question. Mr. Lincoln's qualities unquestionably account for a great deal of the success the company has had in enlisting the cooperation of its employees.

The qualities of integrity in all levels of management serve as a guaranty of the security which in an organized plant seniority commonly supplies. The small turn-over of personnel, however, and the expanding character of the business has made negligible the problem of job security through seniority.

Trade-unions and others have sometimes charged that the company's success is due to speed-up. In 2 days spent in the plant the investigators observed that the employees worked steadily at their jobs. There was no evidence of loafing or the marking of time. The company states that higher production is the result of increased efficiency rather than increased speed and stresses that its employees work a 40-hour week without overtime. Data, however, pertinent to the question, such as the length of the working life of Lincoln employees in comparison to those of other companies in the same industry, are not available.

The Lincoln employer-employee relationship, however, embraces several employment practices which are generally deemed of great value in increasing output. The company has succeeded beyond question in stimulating the interest of the employees in their work. The ingenuity displayed by the individual employee on the job, his affirmative sense of responsibility, and the number of suggestions submitted all attest to this fact. Through the incentives which it offers, the company has made the employees feel a personal and individual sense of responsibility for the success of the enterprise. The company's policy of apprising its employees through the advisory board, and otherwise, of company plans and problems similarly affects output. The company's active concern in keeping its employees informed about the business formally emphasizes to them their common interest in the success of the enterprise and convinces the individual employee that his job is something more than an 8-hour day a week confinement within factory walls. In turn, the advisory board serves as a vehicle to give the company the benefit of advise from its employees. Through its policy of receptiveness to suggestions and ideas from the employees, the company draws upon the aggregate work knowledge of all persons working in the organization.

Also important is the opportunity which the company gives its employees through the advisory board, as well as through its system of challenging piece rates, to question management decisions. Any practice which enables employees to challenge management decisions tends to make management more careful and less arbitrary in reaching its conclusions. This, in turn, by inspiring employee confidence in the fairness of management has its beneficial effect upon production. The company has made a further signal contribution insofar as employees' security is concerned. It has succeeded in combining with the maintenance of steady employment a practice of making frequent and drastic technological changes. Finally, Mr. Lincoln's faith in the limitless abilities of the average employee as reflected through the company's employee policies has given the individual employees a sense of status and personal prestige. The opportunities for advancement, the encouragement given employees further to educate themselves, and the high monetary awards paid all contribute to a sense of participation and status on the part of the individual employee.

The accomplishment of the Lincoln Electric Co. in rising from a small concern to its present position in an industry where competition is with industrial giants is spectacular. It has been the result of incentive management as defined by the preceding pages. The Lincoln Electric Co. had no artificial advantage over other small concerns starting business at the same time it did.

The employees' response to the Lincoln incentive plan has been a conscious effort on the part of the employees, production men, engineers, maintenance men, office workers, to exercise all of their ingenuity in making more of a better product at a lower price. Because the system rewarded their successful efforts, it has continued to receive the response of the employees.

THE MURRAY CORP. OF AMERICA, DETROIT, MICH.

SECTION I. THE COMPANY AND THE LABOR FORCE

The Murray Corp. of America, located at 7700 Russell Road, Detroit, Mich., is an important manufacturer of automotive body parts, frames, and stampings. The corporation, organized in 1927 as the result of consolidation of four small independent body plants, has expanded along with growth in the automotive industry generally. The company now operates manufacturing plants in Detroit, Ecorse, and Belding, Mich., and Scranton, Pa. The Scranton plant manufactures home appliances such as kitchen ranges, bathtubs, sinks, and kitchen cabinets. Because these operations are not essentially part of the automotive industry, no further consideration is given in this report to the Scranton operations. The plant at Belding, Mich., is now being dismantled and its operations transferred to the Detroit plants.

The principal products of the corporation are automotive body units, chassis, frames, fenders, and cushion springs. The principal raw material used is steel, which is obtained from various suppliers by freight car and trailer truck. There is very limited storage space at the company's plants and a strike in the steel industry would close down the Murray plants in not over 1 month. Some of the dies used by the corporation are manufactured by its own die and tool makers; some are manufactured by independent concerns and purchased by the Murray corporation under contract. The Ford Motor Co. is Murray's principal customer. Other major consumers of the Murray Corp.'s products are the Chrysler Corp., Studebaker Corp., Dodge truck plant, Dodge Bros. Corp., Ford Motor Co. of Canada, DeSoto Corp., Plymouth division of the Chrysler Motor Co., Pontiac Motor Co., Chevrolet Motor, General Motors Truck & Coach Co., and the Packard Motor Car Co. Of these, the Ford Motor Co. is the largest single customer and Murray is the exclusive supplier of essential body, chassis, frame, and fender components of Mercury and Lincoln motorcars.

The economic importance of the corporation in the automobile industry is well illustrated by the effects upon the industry of the Murray strike of July–August 1947. When that strike was in its sixteenth day, there were 55,000 Ford employees, 10,000 Studebaker employees, and 1,300 Chrysler employees who had been thrown out of work for lack of supplies normally furnished by the Murray Corp.

The principal competitors of the Murray Corp. are the Briggs Manufacturing Co., the Budd Co., Fisher Body Corp., and, on frames, Midland Steel. The larger automobile manufacturers usually make some of their body parts and frames and contract to the Murray Corp. and its competitors the remainder of their demand. Because all suppliers at the present time are operating to capacity, and also because of the

size of dies and equipment necessary to make the body parts, there is little possibility that other producers could absorb a major share of the production of any one of them shut down because of strike or other reason.

The nature of the manufacturing operations at Murray prevents stock piling of parts. There is little or no advance production. Production schedules are very closely keyed to current demands of Murray's customers. Therefore, production and employment at the Murray Corp. follow the current demand for body parts from the automobile assemblers. The automotive industry generally is one of the first to feel the effects of any general business decline. Any decrease in the demand for new cars results in almost immediate lay-offs at the Murray Corp. The seasonal lay-offs which, however, plagued the automotive industry for many years have largely been leveled off through a change in the date of appearance of new models. Every second year there is a 6- to 8-week lay-off while the plant is retooled for new models.

As with its production schedules, the Murray Corp. has followed the demands of its customers with respect to its industrial relations policy. Through the years, the Murray Corp. has consistently resisted efforts of the union to bargain on matters which have not previously been resolved in bargaining negotiations with Ford, General Motors, or Chrysler. This policy of following the industry pattern, in effect, limits the scope of collective bargaining between the Murray Corp. and local 2, UAW-CIO.

The Murray Corp. presently employs approximately 8,900 in its Detroit-area operations, of whom approximately 6,000 are represented by local 2, UAW-CIO. The remainder are salaried and office personnel, professional employees, supervisors, and plant protection employees who are excluded from the bargaining unit. No other labor organization holds bargaining rights in these plants. The company is making every effort, at the present time, to expand its working force by approximately 2,000.

Less than 10 precent of the labor force is women and these are largely concentrated in the spring division. The bulk of the labor force is unskilled and requires only a short learning period. Some 10 percent, however, are rather highly skilled. The company advises that there is, at the present time, an acute shortage of skilled labor. The company would like to employ about three times as many skilled craftsmen as it has on the pay roll at the present time. Because of this shortage, a portion of the company's tool and die work is contracted out to small independent establishments in the Detroit area. Most of the skilled craftsmen employed by the corporation are in the engineering and mechanical division of the company where they are represented by their own building steward, a member of the union bargaining committee. This gives the skilled employees a degree of separate representation, even though they are included in the broad industrial unit.

The labor force works an 8-hour day, a 40-hour week. Some divisions operate three shifts, some only one or two. Turn-over during 1947 has been running between 5 to 9 percent per month, which is somewhat higher than the turn-over figures for the automotive industry generally and is cause for considerable concern on the part of man-

agement. Forty-two percent of the turn-over occurs during the first 6 weeks of employment of which about half is the result of company action taken during the probationary period. Sixty-two percent of the turn-over occurs among employees with less than 6 months' service. Graphic comparison between turn-over in the Murray Corp. and turn-over in the automotive industry generally showed approximately the same fluctuations, with the Murray Corp. consistently running two to three points above the general average. There was no discernable relation between turn-over and revisions of the labor contract, changes in insurance coverage, or other employee benefit or welfare programs, or changes in company labor policy.

The seniority provisions of the contract have resulted in a gradual increase in the age of the labor force which, although not a matter of immediate concern to management, is of concern with respect to its ultimate effects on the productivity of the labor force and the accident rate. As of January 1947, the company's labor force was broken down into the following age groups:

Age	Number of employees	Percent of total
18 to 27	865	17.38
28 to 37	1,614	32.44
38 to 47	1,082	21.74
48 to 57	941	18.91
58 and over	474	9.52
Total	4,976	99.99

It is somewhat surprising to find the 48–57 age group larger than the 18–27. Increasing age does not materially lessen the productivity of skilled craftsmen who learn, through experience, short cuts and easier methods. Among the assembly-line production workers output decreases and accident increase with advancing age. Increased utilization of material-handling equipment, counterbalances, and safety devices have helped to minimize these effects.

SECTION II. HISTORY OF RELATIONS BETWEEN THE PARTIES

The first contract between the Murray Corp. and local 2, UAW-CIO, was signed in the spring of 1937. Prior to that time, a determined effort to forestall unionization had been made by the company. Several wage increases had been granted, recreational programs had been expanded, rest periods were given, and many other concessions made as a result of increasing union organizational efforts. With the wave of sit-down strikes in the automobile industry in 1937, one of which shut down the Murray plant for 2 days, the company granted recognition to the UAW. This recognition was limited to union members only and did not recognize the union as the exclusive bargaining agent. No form of union security was granted. The company agreed to discuss with the union, in advance of action, any discipline or new shop rules. A grievance procedure was established and grievances were required to be completely processed before strike action thereon. Wages were to conform to the established pattern in the industry.

During the first year or two following union recognition, the union claimed increasing credit for the various recreational activities, and the company has gradually discontinued its contributions. At the present time, the company does not sponsor any recreational activities, has no retirement system and a very limited group-insurance program which will be discussed in greater detail in a subsequent section.

The third contract signed in December 1939 for the first time recognized the union as the sole and exclusive bargaining agent for all of the company's hourly rate employees. There has never been an NLRB-conducted election to determine bargaining rights for hourly rate production employees of the Murray Corp., the company having granted bargaining rights without the formality of an election when the union appeared to have majority status.

Following recognition of the union, the antagonism of the company toward the union was sharply reversed and as a matter of company policy, union officials and stewards were consulted on a great variety of problems. The company made what it considered to be every effort to cooperate fully with the union and to keep the union advised of production problems as they occurred. The company feels that the union took advantage of this overcooperative attitude and attempted to exercise control of strictly management prerogatives. In 1942, the vice president of the corporation, Mr. Hill, who had been largely responsible for company policy, was replaced by Mr. B. C. Gould, present executive vice president. Since that time there has been a fundamental change in the company's philosophy on labor-relations matters. At the present time, the company is trying to gradually rectify what it considers to have been the mistakes of the earlier period and is consciously seeking a more clearly defined line of demarkation between management functions and responsibilities and those exercised by the union.

From the first contract, new shop rules have been discussed and worked out with the union before posting. Discipline of union members has been discussed in advance with the union stewards. These practices continue to the present time but the company intends to seek a return to the right of unilateral action subject to the grievance procedure. In the earlier contracts, the company agreed to follow the principle of seniority with respect to lay-offs, recalls and transfers, but reserved the right to maintain a preferred list of employees not determined by seniority for the purpose of retooling after change in models. With the 1941 contract, the preferred list was eliminated. The present contract states:

> Where necessary to facilitate tooling, plant rearrangement, taking of inventory, starting of production and similar situations, the management shall follow seniority where possible.

Each contract has imposed some limitations upon the right to strike. All of the contracts have prohibited the sit-down, stay-in, or slow-down strike. The recent contracts also prohibited any strike over a grievance relating to standards, over items listed in the contract as exclusive management prerogatives, and over changes or modifications in the terms or conditions of the contract. The 1946 contract also specified that all strikes were barred until the grievance procedure had been completely exhausted, negotiations had continued for at least 5 days,

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there had been a meeting of all union members at which time a majority voted in favor of taking a strike vote, and there had thereafter been a secret ballot conducted among the employees in which at least 66⅔ percent of the members voting supported the strike. This ballot was to be supervised and attested by a certified public accountant and all union members failing to vote were to be fined $1. All strikes had to be sanctioned 5 days in advance by the international. In event of an unauthorized strike, the company had the right to discipline any members participating and had the option to terminate the contract.

The grievance procedure under this contract included, for the first time, final appeal to an impartial arbitrator whose decisions were to be final and binding upon both parties. The arbitrator, however, was not given power to change or modify any terms of the contract or to hear any issue involving increase or decrease in wage rates, any dispute affecting production standards or any issue involving exercise of the functions of management. It is perhaps significant that there was not a single work stoppage of any sort during the life of this contract, and no case was appealed by either party to the arbitrator.

Union security

Union security was first granted by the company in September 1941. Prior to that, the union demands for maintenance of membership and check-off had been resisted by the company on the grounds that the Ford Motor Co., its principal customer, had not been unionized. Following union recognition by Ford Co. in the fall of 1941 and the granting by Ford of a union shop and a check-off, the Murray Corp. felt it could no longer resist these demands. An election jointly supervised by company and union was held in which more than 75 percent of the employees voted for a union shop and the check-off. From that time on, the Murray Corp. has operated under this type of contract.

It should be observed that the curent contract, which was signed August 20, 1947, provides for these features. It was modified only to the extent of requiring individual employee authorization of the check-off. Inasmuch as the current contract runs until January 1949, or a term greater than 1 year, and was signed during the interim period between passage of the Taft-Hartley Act and its effective date, there is some question as to whether the union shop clause of the contract would be enforceable in view of the specific language of section 102 of the act. As to the check-off, the company has received individual authorization cards from 96.2 percent of the union members. Of the 3.8 percent who failed to authorize the check-off, 2.1 percent flatly rejected, while the others merely failed to respond. Up to this time, the union has not requested the company to discharge any employee for nonpayment of dues. In view of the questionable status of the union shop, there is a potential source of future difficulty over this issue.

Vacation benefits

The first mention of vacation benefits is found in the 1941 contract where provision was made for what amounted to a profit-sharing plan. Under it when the net profits of the company for the fiscal year exceeded $300,000, but were less than $450,000, each hourly rate employee would be paid a premium amounting to 1 percent of his earnings during that fiscal year. The premium paid increased with the net profits of the company up to a maximum of 3 percent when the net profits of the company exceeded $900,000. This plan was changed in the 1946 contract wherein the company agreed to pay to each hourly rate employee 4 percent of his gross earnings of the fiscal year regardless of the company's net profit. Under the current contract, employees were given the option of 1 or 2 weeks' vacation with pay figured at 2 or 4 percent of the previous years' earnings, depending upon length of service, or continuation of the old plan allowing 4 percent of the earnings and no time off. The latter plan was selected by majority vote of the employees. The result of this plan, of course, is a 4-percent increase in earnings for all employees, leaving to the discretion of each employee whether he shall take a voluntary lay-off for vacation purposes.

Insurance coverage

The first group-life insurance program was initiated by the company in 1929. This was a general employee plan covering both hourly rate and salaried personnel. In 1942, the union demanded participation in the insurance program and a separate contract was negotiated at that time between the company and the union with respect to hourly rate employees who were union members. The contract provided for group-life insurance and sickness and accident insurance, and was underwritten by the John Hancock Life Insurance Co. Participation was wholly voluntary. The life-insurance policy was $1,000 for female employees and $2,000 for male employees and provided weekly sickness and accident benefits of $12.50. Premiums were 37 cents for females and 51 cents for males per week.

The John Hancock, being a mutual insurance company, pays dividends to policyholders. The contract between the company and the union provided that all such dividends should be paid to the company, which would first deduct from the total dividends the entire amount of the corporation's contributions for premiums, plus all costs of the corporation in administering the program, plus the amount of all taxes for which the corporation might become liable as a result of the receipt of the dividends, plus 60 percent of the balance which was to go into a separate fund, plus 10 percent of the remainder. The special fund referred to was to be accumulated for the purpose of paying the corporation's costs and premium contributions during any year in which dividends were insufficient. Any dividends remaining after these deductions had been made were paid into the union treasury toward a health and welfare fund for the benefit of all members.

The insurance included no permanent total-disability feature and was terminated upon termination of employment. According to the company, an insurance broker was named to handle this contract, the broker being designated by Lloyd Jones, president of the local. The insurance contract has been a political football in local union election campaigns.

In 1947 a new insurance contract was negotiated, which included a permanent- and total-disability clause and provided for increased weekly benefits under sickness and accident. The new premiums are 51 cents for females and 65 cents for males, and weekly benefits under the new contract are payable for the first week of sickness or

injury. The same deductions are made by the company from the dividends, but any dividends remaining after these deductions are used to pay future premiums of the employees instead of going to the union treasury. As of December 1942, after enactment of the first plan in which the union participated, there were 6,999 employees on the roll eligible to participate, of whom 6,591, or 94 percent, were members. In October 1947, after the change in plans, there were 5,887 eligible employees, of whom 5,086, or 86 percent, were participating.

Wage differentials

Elimination of wage-rate differentials between plants has long been the announced policy of the UAW. This policy tends to encourage greater concentration of industry and sometimes results in depriving smaller towns and rural communities of manufacturing enterprises that might otherwise take advantage of a low-wage area. Management has justified lower wages in these small communities on the grounds that rural workers are likely to be less efficient in factories and are prone to take periodic lay-offs for agricultural work. Lower living costs in small towns may enable a worker to maintain his standard of living on lower wages. Transportation and overhead costs are likely to be higher for the employer. On the other hand, the union argues that low-wage areas tend to depress wage rates generally and foster competition based on wages, and that a standard union wage ought to be paid for standard work wherever performed. This conflict is clearly illustrated in the experience of the Murray Corp.

In 1939 the Murray Corp. leased a plant in Belding, Mich., for the manufacture of auto and truck springs. This location was selected to take advantage of a lower wage level in that area. Belding, located in Ionia County in western Michigan, is a distinctly different labor-market area from Detroit. The town has a population of approximately 4,000, and is not predominantly industrial. In 1939 the town was, according to Murray officials, in a generally run-down condition.

The original wage rate established for the Belding plant was 55 cents per hour. This rate was arrived at after a careful study of the prevailing wage rates in the community. On the basis of the 55-cent rate there was an approximate 40-percent differential between Belding and Detroit, which was then paying a basic 91-cent rate. However, Murray Belding rates are reported to have exceeded all other rates in the community. There were several other industries in Belding represented by: The Gibson Refrigerator Co., Extruded Metals Co., Metal Glass Co., Jolly Kid Garment Co., Belding Hosiery Mill, Belding Basket Co., and the Belding Foundry. None of these companies, however, were large enough to employ nearly the number of people required by the new Murray plant, and none paid a higher wage rate. During the entire time that Murray operated its Belding plant the wages paid were substantially higher than those prevailing in the community. Peak employment of the Belding plant was 485, with an average of 425. This is somewhat more than 10 percent of the population, or approximately 40 percent of the wage earners in that community. Pay roll averaged between $75,000 and $100,000 per month.

Following is a comparison of the weighted averages of Detroit and Belding rates and the percentage of differential from 1939 through 1947:

	Detroit	Belding	Differential		Detroit	Belding	Differential
			Percent				*Percent*
1939	$0.91	$0.55	39.6	1945	1.08	.96	11.1
1940	1.01	.56	44.5	1946	1.26	1.06	15.8
1941	1.03	.76	26.2	1947	1.45	1.31	9.7
1942	(1)	.85	----------				
1943		.91	----------				
1944		.93	----------				

[1] War years, Detroit Spring Division inactive.

The Murray Corp. reports that, although the rate differential for 1939 and 1940 appears rather large, the productive efficiency of the Belding plant was 40 percent below the Detroit plant. The company had adopted the policy of hiring only local labor wherever possible. New employees, with little if any previous industrial experience, required a longer training period.

In 1946, the Belding union, with the full support and encouragement of the Detroit union, demanded that the Belding and Detroit rates be equalized. At that time, the company explained the necessity for a rate differential, and pointed out that the payment of Detroit rates could possibly result in closing the Belding plant. Agreement was finally reached that a 15 percent differential would be maintained. Even with this differential, the unit labor cost of the two plants was almost identical. A comparison of unit labor cost of six separate items during 1947 shows the following:

	Detroit	*Belding*
Item 1	2.14	2.12
Item 2	1.50	1.53
Item 3	1.69	1.63
Item 4	2.27	2.20
Item 5	1.91	1.85
Item 6	2.14	2.14

After local 2 struck Murray's Detroit plants in July 1947 the international included equalization of Belding rates with Detroit rates as an issue. The company protested that this demand was economically unsound and would force closing of the Belding plant. A strike settlement compromise was reached under which Murray rates were to be the same as those of the McInerney Spring Co. of Grand Rapids. This resulted in a general increase of 22 cents per hour and reduced the Detroit-Belding differential to 9.7 percent.

The Murray management concluded that it was no longer sound business to continue operations at Belding with wage rates that resulted in unit labor costs higher than those of the Detroit plant. Hence, all the work of the Spring Division was concentrated in Detroit and the Belding plant has been abandoned.

SECTION III. ANALYSIS OF PRESENT AGREEMENT

Negotiations for the present contract were begun between the Murray Corp. and local 2 in April 1947 and the parties had reached sub-

stantial agreement by the middle of June. The tentative agreement reached at that point did not differ materially from the 1946 contract except that the new contract excluded from the grievance procedure the use of any form of arbitration machinery. One of the most insistent demands of the union was directed at elimination of the clause providing for final arbitration of grievances. Despite the fact that neither party had ever carried a case to arbitration, the union was opposed to this means for settlement of disputes. More than 80 percent of the automotive industry is, at present, under an umpire or arbitrator and experience is generally regarded as having been quite successful. The international has not adopted any policy on use of arbitration machinery, but will support each local in demanding or resisting arbitration according to the wishes of that local. In these negotiations, the Murray local at first opposed arbitration on the ground that the company, by appealing every possible case, could break the union treasury. The company countered by proposing the party against whom an arbitration award was entered should bear the entire cost of the proceeding. The union then stated that its opposition was based on principle because it feared that arbitration awards would be compromise decisions designed to mollify both parties. For example, it cited the hypothetical case of a wildcat stoppage for which three men were responsible. The company might discharge 10 men and carry the case to arbitration. The union anticipated that the decision would support the company in its discharge of five or six of the men and order reinstatement of the others. The result would be the unfair and discriminatory discharge of two or three union members. The union opposed any limitation or restriction on its rights to effectively discipline its own members or protect them against company discrimination by strike, if necessary. The Murray Corp., although favoring arbitration as a logical and sensible means of determining issues which the parties could not themselves resolve, accepted the union's position for the sake of reaching an agreement on the terms of the new contract. A no-strike, no-stoppage clause similar to that of the 1946 contract was agreed to by the parties on June 18, 1947.

The 1947 strike

However, with passage of the Taft-Hartley Act, the international notified all locals to refuse to sign any contract that included a no-strike, no-stoppage clause and instructed the locals to insist upon inclusion in all contracts of a clause granting the local and the international complete immunity from all liability for damages for breach of contract. To this clause the company objected, and a strike was called, which lasted for 4 weeks.

The authority of the union leaders to call a strike over an issue which may not even have been discussed with the membership is here clearly demonstrated. The chronology of events is important. Negotiations for the new contract began April 1, 1947, but full agreement was not immediately reached. The principal point at issue was use of arbitration as the terminal point of the grievance procedure. The company had offered to increase wages in accordance with the industry pattern. On May 24, at a union mass meeting, the bargaining committee was authorized to call a strike. On June 23 the Taft-Hartley bill became law, making unions liable for contract violations. Thereafter the international issued instructions to all locals that—

> In negotiating new contracts, renewals, extensions, etc., you should insist on the inclusion of the clause dealing with liability for contract violations—

and set forth the immunity clause that would be required before the international would ratify the contract. On July 12, local 2 demanded that this immunity clause be included. The company refused to accept the clause, and a strike was called July 23 over the issue of union liability. At the time strike action was authorized by the membership 2 months earlier, the Taft-Hartley bill had not become law and the issue of union liability had not even been raised.

After lengthy negotiations, a settlement was reached, and under the current contract the union agrees not to call any sit-down or slowdown, not to engage in any strike activity involving production standards, exclusive management prerogatives as defined, or having as its objective the obtaining of a change in or addition to the contract. It further agrees not to engage in any strike activity until the grievance procedure has been completely exhausted, negotiations have been in progress for at least 45 days, and the strike has been officially sanctioned by the international. In the event of a wildcat stoppage, the union agrees to post notices advising the members that the stoppage is unauthorized and directing the workers to return to their jobs. In the event of any strike action by the union not meeting these restrictions or limitations, the union remains liable for damages resulting. However, provision for the arbitrator, at the top of the grievance procedure, has been eliminated and there is no longer any requirement that the union members approve, by secret ballot, proposed strike action.

The "free-speech" clause of the Taft-Hartley Act also occasioned some disagreement during negotiations and was resolved by inclusion in the contract of a clause prohibiting either management or union from calling any meetings of the employees on the company's premises on any matters affecting the relationship between the parties or addressing the employees collectively on the company's premises.

Influence of the international

Influence of the international on these negotiations was quite apparent and rather far reaching. Most of the actual negotiation for the union was done by Emil Mazey, then regional director, and Walter Reuther, president of the international. Demands of the union for changes in the 1946 contract were largely the result of instructions on policies issued by the international. The use of arbitration machinery was, however, a purely local issue. Admittedly, the international exercised greater control over these negotiations than is usually the case because of issues raised by the Taft-Hartley Act.

In view of the peaceful relations that had existed between Murray and the union for the past 10 years, it is somewhat surprising to find the union striking Murray over the issue of liability. However, the same issue was causing strikes or extended negotiations throughout the Nation during that period. The issue was side-stepped in the Ford negotiations by the appointment of a joint committee to resolve the problem through continued study. A similar solution was proposed for the Murray strike, but refused by the union. The union insisted

that Murray was not being singled out as a test or pattern making case; but rather the international had simply adopted a policy to which all contracts would be expected to conform, and the Murray contract had been up for renewal at just that time. Be that as it may, Mr. Reuther stated during negotiations that what they were seeking was bigger than Murray management or local 2, and that a solution to the problem had to be found because—

> We have five strikes on now, on this issue. * * * We are in a position where we have to find the answer here (at Murray) because other fellows are waiting for this.

The fact that a strike of this relatively small concern would have very far-reaching consequences in the industry may also have been a factor. It should also be remembered that factionalism within the international was then rampant, and a solution satisfactory to the international in one case might be disapproved in another.

Rights of management

The current contract outlines the exclusive management prerogatives or rights of management in the following section:

> The company has the sole right to direct the operations of the company and the determination of the number of major operating divisions, departments, and number and locations of its plants, type of products to be manufactured, schedules of production, methods and processes of manufacturing and types of machines to be used. The number of employees and shifts required are affected by production schedules, material shortages, engineering changes, manufacturing processes, and other matters which are determined in negotiations between management and the customers. For these reasons, the right to hire, to lay off, assign, and transfer employees is the sole right of the company subject to the limitations of this agreement.

The identical definition of rights of management is to be found in the 1946 contract which, however, includes this additional paragraph:

> The matters covered by this section being subject to the sole determination of the company are not subject to the grievance procedure or strike action excepting in case of lay-off, rehiring, and transfer where same are in violation of express provision of this agreement.

The current contract prohibits the use of strike action over management prerogatives. The right to strike over lay-off, rehires, or transfers where action of the company is alleged to be in violation of the agreement is left unspecified in the current contract.

The current contract also prohibits a strike over production standards. It will be observed in a later section of this report that a special grievance procedure has been set up for the determination of disputes over standards. The decision of a joint committee composed of union time-study stewards and company time-study engineers has the final and binding determination of disputed standards.

The Murray Corp. has had one experience since August of some interest in revealing the union's present attitude toward wildcat stoppages and union liability under the new contract. One of the union's chief stewards, Prince Clark, a Negro, was assigned to the company's loading dock and classified as a second carpenter. His supervisor gave him instructions relating to his work which the union claims amounted to a request to do work out of his regular assignment. The merits of the controversy are immaterial to this discussion, but the upshot of it was that Clark refused and was given a 2-day disciplinary lay-off. Other workers on the loading dock refused to work during the 2 days Clark was at home. The company contends that Clark had instigated this work stoppage and discharged him. The union president advised that Clark had nothing to do with the work stoppage but he, Lloyd Jones, had called a meeting of the workers and recommended the 2-day protest strike. In any case, the union was requested and refused to post the notice called for by the contract in case of an unauthorized work stoppage. Company officials believed this was a clear violation of the contract terms subjecting the union to liability for damages. No damage suit is contemplated, however, partly because monetary damages were nominal and partly because it is not believed that a damage suit would be calculated to improve labor relations. The discharge of Clark was carried through the final step of the grievance procedure, leaving the union with no further redress except the possibility of authorized strike action within 90 days. There was no indication that the union intended to take such action.

Following the discharge and while the matter was still pending in the grievance procedure, Prince Clark was elected by a large majority of union members as a delegate of local 2 to the international convention of the UAW. At present writing he is not an employee of the Murray Corp.

[NOTE.—Since preparation of the original material it has been learned that Steward Walenga was subsequently discharged by the company under somewhat similar circumstances. After exhausting the grievance procedure, the union voted overwhelmingly to reject arbitration and take strike action. The company agreed to put both stewards back to work.]

Two special provisions in the contract are of particular interest. The Murray Corp. and local 2 have pioneered with the problems of production standards and incentive pay.

Time study and production standards

All employees in the labor force of the Murray Corp., except direct labor at the Ecorse plant, are paid an hourly rate. For each job, production standards have been set and employees are required to maintain standard. There was much dissension over standards and the system was the most prolific single source of grievances. Employees did not understand how standards were set and felt that the system amounted to a speed-up and that the standards were unfair.

In an effort to work out a solution to this troublesome problem, the company in 1941 called in Stevenson, Jordan & Harrison, Inc., management consultants, who made a survey of production standards and problems arising therefrom. Meanwhile, negotiations were continued between the company and local 2 looking toward some form of union participation in the standards program. The union felt that it was operating under a severe disadvantage inasmuch as the establishment of time standards is a rather technical procedure on which neither union stewards nor union officials were sufficiently informed to adequately protect the interests of union members.

It was suggested that the union elect from among company employees who were union members, five time study stewards who should be given a course of instruction at company expense by Stevenson, Jordan & Harrison in time study methods and techniques. Thereafter, these union time study stewards would devote full time to the settle-

ment of grievances arising over standards. A special grievance procedure was set up under which complaints concerning standards were settled by the union committee of time study stewards and the company time study department. The union and the company agreed that decisions of this committee should be final and binding.

Under this plan, the union elected its time-study stewards and these were given the course of instruction by Stevenson, Jordon & Harrison. In April 1942 the union time-study committee compiled a booklet called the Story of Joe Workman, which explains to the union the method of arriving at time standards and the operation of the system. Published with this booklet was a manual prepared by Stevenson, Jordon & Harrison on time-study procedure techniques. The booklet was endorsed by the union, by the international, and by the company. It is believed that this booklet is the first on time-study methods prepared as a cooperative enterprise of both labor and management.

Since adoption of the plan, there have been no work stoppages of any sort over standards. The union does not participate in any way in the setting of new standards, but if a complaint over the standard occurs, the union time-study steward having jurisdiction in that particular plant, has the right to audit the time studies on which that standard was based and to make any independent studies he may desire. He has full right to inspect and compare the company's time-study department's tables and statistics. If he then disputes the standard, the union time-study committee, comprised of all of the time-study stewards, negotiates with the company's time-study department. The decisions of this group are final and binding.

It has been the experience of the company that the union time-study committee more often than not supports the standard adopted by the company. Time-study stewards are elected for 4-year terms and not more than two are elected at any one time. This tends to remove the time-study stewards from the influence of local union politics. To date, no time-study steward once elected has yet been defeated, which speaks well of their integrity and fair handling of a very difficult problem.

Grievances over standards have, by this method, been reduced to a minimum and work stoppages have been completely eliminated. Mr. B. C. Gould, now executive vice president of the Murray Corp., was, at the time this plan was recommended and adopted, associated with Stevenson, Jordon & Harrison. He states the plan would not necessarily be practical and workable in every corporation operating under time standards and that much depends upon capability and integrity of the union time-study steward as well as the attitude of the company. Other companies have adopted modifications of this plan, but it is essentially unique with the Murray Corp.

The wage incentive plan

The second feature of the Murray labor-relations program of particular interest is its wage-incentive plan. The Murray Corp. is experimenting with incentive pay as a solution to the basic industrial problem of increasing productive capacity while reducing unit-labor cost. The scope of the plan, at present, is limited to its Ecorse plant which builds automobile and truck frames and normally employs about 1,100 men, 900 of whom are direct and indirect productive workers.

The story of incentive pay at Murray begins in 1937. Following recognition of the union by the company in that year, production at the Ecorse plant fell from 95 to 55 percent of standard. Competition in the industry was very keen and Murray management felt the necessity of increasing its productive capacity and thereby decreasing labor cost in order to meet the competition. At the outset, it was management's desire to increase production to standard. There was no immediate though of incentive pay. To accomplish the purpose Mr. Harry G. Schultz, Ecorse plant manager, proposed to the plant employees that they be given rest periods at the end of each hour for the remainder of the hour whenever production had reached standard. This plan was at first rejected by the union, but management did not retract the offer and it was gradually taken up by the workers until nearly all the workers in the plant were resting 10 to 15 minutes at the end of each hour.

Since this disrupted production management then suggested that a longer rest period be given at the end of each day when that day's production standard had been reached. Employees would then be free to go to the recreation rooms and lounges and engage in whatever activity suited their fancy for the remainder of the day. They were not, however, permitted to punch out for the day before normal quitting time.

After this plan had been accepted by the workers, management suggested that, since the workers were required to spend that time in the plant, they might as well work and be paid for the production. This suggestion was immediately rejected by the union as being incentive pay and contrary to UAW policy. However, in 1942, when wage levels were frozen during the war, management suggested that the one practical way of increasing earnings would be through incentive pay for production above standards. Union members at the Ecorse plant voted to accept this proposal. Stevenson, Jordan & Harrison again were called in to make a survey of the Ecorse plant and its time standards. As a result of their survey, a number of new production standards were established.

Meanwhile a contract was negotiated between the company and the union outlining the incentive pay for the Ecorse plant. The plan was designed on the concept of increased productivity with all the direct benefit therefrom going to the worker. The only benefit to the company would be the increased utilization of plant facilities and the consequent decrease in overhead cost and thus in total cost per unit. The company pledged itself not to change the standard set for any reason except change in method, equipment, quality, or work added or reduced. Any change in standard would be audited by the union time-study steward. The standards were established to permit a normal operator working at incentive pace to earn at least 8 percent in excess of standards over an entire shift period. A worker was guaranteed his base rate regardless of actual production.

This plan went into effect on June 18, 1943, but was not received with wholehearted enthusiasm by the workers. Indeed it was some months before the plan received general acceptance throughout the plant. Gradually when one assembly line or one crew was induced to work at incentive pace, their earnings rose so sharply that other workers in the plant were persuaded to follow the example set. Average

productivity in the plant rose to 112 percent, but there were wide variances, with some individual workers making 70 to 75 percent above standard while others were down to around 95 percent of standard.

The plan attempted to include indirect workers such as overhead-crane operators, electric truck drivers, and others who served the production lines. Their incentive pay was figured partly on the basis of the combined weekly performance in excess of standard for the departments served by them and partly on the basis of saving over budgeted cost of nonproductive labor figured at standard production.

A number of weaknesses in the plan were disclosed by its operation from 1943 to 1946 sufficient to make management feel that unless changes were made, the plan should be dropped. For one thing a worker's participation was wholly voluntary; that is, he could work at an incentive pace or not as he chose. Thus, under assembly-line production methods, one or two men working at nonincentive pace could delay the entire operation. Also where a mechanical failure in the early part of the day resulted in production below standard for that period, the men refused to work at incentive pace during the remainder of the day because production for the entire shift would still not average appreciably above standard. It was also found that the method of calculating incentive pay for indirect workers was resulting in a heavier indirect labor unit cost to the company instead of reducing it. Moreover, a production ceiling imposed by the union had reduced maximum individual production and this, combined with the other factors, had reduced total average productivity to the point where management was ready to abandon the entire plan unless the union agreed to modifications.

The suggested changes were presented to the union in late 1945 and the union members working at Ecorse voted overwhelmingly for continuance of incentive pay. Accordingly, a new contract between the union and the company was negotiated and signed in April 1946 incorporating changes intended to eliminate impractical features of the earlier contract. The significant changes include a requirement that all direct productive workers must operate at incentive pace for the entire shift and a pledge that the union would not impose any production ceiling. The company agreed on its part that in case of mechanical failure, base rates would be paid for the period of break-down and incentive pay figured on average production for the remainder of the day. All indirect workers were removed from the incentive pay plan and given in lieu of incentive pay, a base wage increase of 3½ cents per hour over and above the 11½-cent general increase granted at that time to all hourly rate employees. This left some 600 direct productive workers operating under incentive pay.

Under this new contract, the productive capacity of the plant increased by approximately 20 percent and, of course, the earnings of the workers increased in similar proportion. During 1946–47, the plant-wide average hourly production was 129 percent of standard with an average of 140 percent in some operations.

In March 1947 the administration of the union changed. The union then set a production ceiling of 125 percent of standard and decreed that no worker should exceed that limit. Since that time, production has dropped to a plant-wide average of 118 percent of standard with no operation producing above 125 percent. Production of frames, at

the rate of 1,450 per day for the first 5 months of 1947, is now at the rate of 1,250 per day, or a drop of 200 frames per day. The 1947 incentive-pay contract omits the union pledge not to impose a production ceiling.

Acceptance by the workers of the ceiling on production is a surprise and a disappointment to management. It is apparent that plant-wide productivity could be considerably higher and earnings of individual workers substantially increased but for this ceiling. However, the present average production of 118 percent of standard increases plant productive capacity and reduces overhead sufficiently to justify continuance of the plan. Management is, in fact, urging extension of incentive pay to all of its plants.

Recently, the indirect workers at Ecorse have requested that they be put back under the incentive system and a plan for that purpose is now being worked out under which nonproductive workers directly serving production lines will receive incentive pay calculated on the basis of indirect labor cost savings over budget.

The incentive pay plan was discussed with Lloyd Jones, union president. He freely asserts that the union does impose a production ceiling at 125 percent of standard. He says this ceiling is required in order to keep the men from working at a pace that would result in premature physical exhaustion. Without a ceiling, older employees are placed under a severe handicap because their age prevents them from keeping pace with younger men. Jones stated that he and the union would be quite willing to negotiate an extension of the plan to include direct workers throughout the corporation, but only if certain controls are provided. Chief among these would be, according to Jones, a production ceiling imposed jointly by union and management.

An integral part of the incentive plan, though supplemental to the direct worker coverage, is incentive pay for supervision. The Ecorse plant has one method of calculating incentive bonus for lower-level supervision and another for those superintendents reporting direct to the plant manager who have a share in budget planning and control of operating cost. Bonus pay for lower-level supervision is calculated on the basis of reduction in excess budget over combined direct and indirect labor costs. The actual bonus varies from a maximum of 25 percent added to base salary when the excess does not exceed 4 percent, down to a 2-percent bonus when excess is between 14 and 15 percent above the budget. There is no bonus paid for supervision except at the Ecorse plant where direct labor is under incentive. Management feels that the two are so interrelated as to be integral parts of the whole plan and is anxious to extend both to the entire corporation.

SECTION IV. LABOR POLICIES OUTSIDE THE AGREEMENT

New employees are hired by the Murray Corp. through a central employment office where they are screened as to technical qualifications and previous employment history. Prior employers for the preceeding 5 years are checked telephonically or by report form by the company during the ensuing probationary period, which lasts for 240 hours of actual work. During that period, the company is free to discipline or discharge the new employees for any reason whatsoever without being subject to the grievance procedure or the seniority requirements.

The company has long had a policy of super-seniority for its supervisory force and this has not been seriously challenged by the union. The present supervisors have higher seniority than any of the direct productive workers. A supervisor promoted from the productive force does not acquire this seniority for the first 3 months and likewise a supervisor demoted to production work during a reduction in force retains his seniority only for the first 3 months.

The company has a very limited training program for supervisors. It has in each division, or each plant, an individual known as an employee relations coordinator responsible directly to the division manager. These employee relations coordinators sit in on negotiations between the company and the union for the purpose of acquiring a background knowledge of the thinking of both parties leading up to the agreement as stated in the contract. Supervisors are instructed to notify the employee relations coordinators whenever a grievance is filed and the function of these coordinators is to advise the supervisors on the correct handling of grievances, to coordinate company policy on these matters so that decisions of the supervisors will be uniform and will conform to over-all company policy. These employee relations coordinators are brought up to date on changes in company policy and on new matters through conference with the director of labor relations and the manager of industrial relations. Supervisors are instructed through the chain-of-command procedure. There is a director of education who holds conferences with division managers and top level supervisors. These, in turn, pass on the information acquired to lower level supervisors in expanding circles. There is no company training program for union stewards. No attempt is made to eliminate areas of disagreement through joint interpretation of the contract; neither is there any organized cohesive program for the training or development of new supervisors.

The Murray Corp. does not sponsor any employee benefit or welfare program apart from the group life, sickness and accident insurance program negotiated with the union and discussed in an earlier section of this report. Generally, the company does not believe that employee benefit and welfare programs are matters for negotiation with the union or are proper subjects of collective bargaining. The company believes that responsibility for social security and welfare is primarily a governmental responsibility and not that of industry.

SECTION V. BARGAINING METHODS, PRACTICES, AND ATTITUDES

Union responsibility

Some insight into the attitude with which company and union officials approach the bargaining table may be derived from study of the transcript of the negotiating sessions during last summer's strike. Walter Reuther stated that, with respect to union liability for damages flowing from a breach of contract, he was willing to acknowledge that unions ought to be expected to abide by the contract terms and should be held responsible for a breach of contract, provided the action complained of was within the control of the union. He urged, however, that many acts of union members might subject the union to legal liability and yet be wholly beyond the control of union officers. The company proposed certain specific action to be taken by the union in

the event of a work stoppage not authorized by the union and offered immunity from liability if the union took that action. Emil Mazey, then regional director of the UAW, stated that the union would not consent to a determination by the courts of its liability in a given set of facts, but demanded complete immunity from legal liability under any and all circumstances. He conceded that the union would have a responsibility to abide by the contract and to end unauthorized stoppages, but was unwilling to sign any contract under which the union might incur liability for failure to meet these responsibilities. The local union, moreover, was unwilling to leave its performance under the contract to the determination of an impartial arbitrator or umpire. The issue was finally resolved after 4 weeks of strike on August 20, 1947, 2 days before the effective date of the act. As previously outlined, under the settlement the union remains liable for damages in the event certain specific limitations on strike activity are not observed, but the union can relieve itself of liability by observing the conditions.

This strike over the issue of union liability interrupted a 10-year record of labor relations remarkably free of work stoppages. From the date of union recognition until last summer there was not a single general work stoppage involving the entire plant and only one authorized stoppage, and that involved only a part of the work force. For the 21 months prior to the July strike there had been no stoppage of any sort involving a grievance. There was a total of four stoppages, the longest of which lasted 2 hours, and was for a special union meeting. In the turbulent auto industry this is a record of which both company and union may well be proud.

Although the international exerts considerable influence on matters of union policy and played a major role in the recent strike negotiations, the local union is free to exercise local autonomy in its internal administration and on some bargaining demands. Lloyd Jones has been the dominant figure in the local from its inception. He was a company employee for a brief period in 1932 and thereafter became a union organizer. He was principally responsible for organizing the Murray employees and became local 2's first president in 1937—a position which he held continuously until 1944. He then took charge of the international's movement to organize consumer cooperatives. In 1947 he was reelected to the presidency of local 2.

Jones' administration of the local's affairs is governed by the international constitution and the local bylaws. These are generally similar to most CIO unions, but contain some significant provisions. Five cents per month per dues-paying member are set aside in a special fund to be used only in case of a strike or lock-out of local 2. Three cents are set aside to finance recreation and educational activities. All initiation fees, less the international deduction, are set aside in a fund known as the postwar fund with provisions that said funds be invested in United States war bonds. All moneys received as fines are placed in the political action committee fund.

If strike action is deemed necessary, approval of the membership is required by two-thirds vote by secret ballot of those voting. Sanction of the international must be obtained. The salaries of all local officers are discontinued for the duration of any strike which affects the entire local.

A referendum vote on any issues may be taken if two-thirds of a regular membership meeting request it, provided, however, that the group requesting it represents at least one-fifth of the local's paid-up membership. Article XXVI of the bylaws designates that a quorum is any number of members present at a general membership meeting. However, that section which refers specifically to members working at the company's Ecorse plant provides that at least 50 members of this group are necessary to constitute a quorum for the transaction of business.

A member of the local may be expelled for conduct unbecoming a union member on recommendation of an elected trial board with approval of two-thirds of those voting at a general membership meeting.

It is Jones' opinion that in recent months, particularly since passage of the Taft-Hartley Act, the company has adopted a more resolute and unyielding attitude toward the union, particularly in matters affecting productivity. According to Jones, in the old days, under Mr. Hill, the company felt satisfied with production at 85 percent of standard. During the war years, productivity dropped substantially. Now, under Mr. Gould, the company is demanding full standard production. Jones does not believe that increased production is a major problem in our industrial economy and asserts that the reason for high prices and shortages is not a lack of production but rather the hoarding by manufacturers of supplies and equipment on a rising market. He intends to resist company efforts to increase production by calling wildcat stoppages, if necessary.

The company, on the other hand, believes that many of its policies and attitudes of earlier years adopted in an effort to enhance company-union cooperation must now be reappraised. It believes that the new act has strengthened its bargaining position, but it intends to proceed slowly. Gradually, it hopes to achieve a definitive separation of functions of union and management. It intends to bargain with the union as the representative of its employees on matters directly affecting wages, hours, and working conditions, but believes that decisions should be made in the first instance by management unilaterally subject to challenge in the grievance procedure.

The president of the corporation, Mr. Clarence W. Avery, passively directs company labor policy in its broader aspects. He is highly regarded by union officials and seems to exert a quieting, stabilizing influence on negotiations. The active direction of company affairs is in the hands of its executive vice president, Mr. B. C. Gould, who entered the company in 1942 from Stevenson, Jordan and Harrison, management consultants. He is largely responsible for adoption of incentive pay and joint time studies in the corporation. George Moore, as manager of industrial relations and Ken Willey, director of labor relations, have responsibility for day-to-day conduct of the company's labor policy.

The Murray Corp. is attempting now to dispel the illusion created by union propaganda that the new act is a slave-labor law by publishing the provisions of the act and describing its effects on workers individually and on their unions. Mr. Avery gave an address before the Bond Club of Chicago on September 10, 1947, in which he set out the labor relations policy of the company. Included was a simplified analysis of the individual sections of the law. 75,000 printed copies of

this address have been distributed to a large mailing list including all company employees. The recent survey of public opinion printed in Look magazine, September 30, 1947, has been reduced to pamphlet form and mailed to all company employees. This poll indicated the reaction of workers, both union and nonunion, to the individual sections of the law and to the law as a whole.

For many years the company has been sending letters to all employees discussing important issues. It believes this type of information, used only on significant occasions, is much better than a house organ published at regular intervals.

The company is now giving consideration to the idea of conducting opinion research polls among its employees on issues likely to be raised in future negotiations, so that management will be correctly apprised of the sentiment of the labor force.

The Taft-Hartley Act

In an interview with Lloyd Jones, president of Murray Local 2, he was very willing to discuss the new labor law. It was his conviction that the law was written at the instigation of the employers and would be used by them to destroy labor unions and that therefore the law in its entirety should be repealed and all Congressmen who voted for it should be defeated in 1948. Mr. Jones' confidence in the union's ability to deliver the vote was, however, severely shaken by results of the recent Detroit municipal election. He pointed out that the UAW had for the last five campaigns opposed the incumbent mayor of Detroit who was, nevertheless, successful each time. During this campaign, the UAW had endorsed him, but he was defeated. Jones gave as a reason for ineffectiveness of the union, in this campaign, the factional split within the UAW. The letter mailed by the international endorsing the candidate and urging UAW members to support him was signed by the top four international officers. Jones stated the members knew these international officers were fighting among themselves and therefore had little respect for this supposedly joint appeal. The UAW in Detroit had a greater potential voting strength than total votes received at the recent city election by the UAW-endorsed candidate.

Mr. Jones was asked to comment on the individual sections of the law.

Jurisdictional disputes and secondary boycotts.—Jones is opposed to use of these techniques and stated that they had hurt the standing of the labor movement as a whole with the general public. UAW has not made use of them in the past and does not object to the prohibition imposed by the act.

Financial statements.—He stated that they do not object to publishing the financial statements of the local, and do so periodically. However, they are opposed to an itemized accounting of expenses of the international, particularly in its organizational activities. He pointed out that sometimes it is necessary to pay out money in organizing campaigns which could be construed as payment for unethical purposes or activities and might tend to reflect an untrue picture of the character and intent of the officers. Jones was also under the misapprehension that involuntary inaccuracies in financial statements would subject union officers to liability for fine and imprisonment.

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Non-Communist affidavits.—Jones violently opposed this section stating emphatically that he is not and never has been a Communist. His reason for opposition was that he believed it would tend to drive Communists under cover where they would be far more dangerous. He admitted that there were a small number of Communists in his local, but he stated that the union members all knew who they were, what they stood for and did not pay very much attention to what they had to say. Generally, it was Jones' opinion that no person should be discriminated against by reason of his religion, race or political affiliation and stated that reference to a man's political creed is improper in an act purporting to regulate labor organizations or labor relations.

Union liability.—It is the opinion of the company that since passage of the act, the union has adopted a more responsible attitude and is making a more genuine effort to resolve disputes through the grievance procedure in accordance with the contract terms. Mr. Jones on the other hand stated he was convinced that the company has had a more determined attitude toward the union since passage of the act. He said he intended to call one "wildcat" strike after another to show the company that they still had a strong union. Some of these "wildcat" stoppages would be in violation of the contract exposing the union to liability for damage suits. Jones, however, would rather lead a militant union without physical assets than submit to any limitations or restrictions on the right to strike.

Craft severance.—Jones, like most other CIO officials, expressed concern over the possibility that the AFL or company-inspired groups could, under provisions of the law, petition for separate bargaining rights for craft units and, if successful, could result in destroying or making ineffective the industrial union, and might also lead to a multiplicity of jurisdictional disputes. The company was also asked its opinion of this subject and definitely prefers to bargain with one industrial union than a number of craft unions.

The closed shop.—Mr. Jones stated that this section of the law does not concern the UAW and they are not concerned or disturbed about its prohibition. The local has never seriously demanded a closed shop and feels confident that it will be able to maintain its union shop under requirements of the act.

Union discipline.—That section of the law which relieves the employer of obligation to discharge an employee for other than nonpayment of dues, is unjust according to Mr. Jones. It is a hardship in disciplining members for just causes inasmuch as they can remain in the company's employment even though expelled from the union. Under those circumstances, they could do the union more harm working as an expelled member, Jones stated. Moreover, union members would not work with an expelled member and constant friction and work stoppages would be the result.

There have been only two cases in the history of their bargaining relations of requests from the union for discharge of employees for reasons other than nonpayment of dues. One involved a Jehovah's Witness during the war; the other a union officer charged with embezzling funds of the local. The union feels that its rights to discipline members have been seriously impaired in a way that will result in increased friction in the labor force.

The problem of productivity.—As has been previously indicated, the union does not feel that a further increase in the productivity of its workers is either desirable or necessary and intends to resist company efforts to increase production. The management, however, feels that increased utilization of plant facilities, by increased productivity of its workers, is a very grave problem in today's industrial economy and one of considerable concern. During the prewar period, the Murray Corp. calculated its plant efficiency at approximately 96 percent. This figure was based on the productivity of the direct labor force as compared with standard. During 1937–38, this figure was down as low as 85 percent of standard and was running at 95 percent to 96 percent during 1939 and 1940. During the war years, with the influx of many new workers, and change-over to war production, the company estimates that productivity dropped to 60–70 percent. No adequate basis of comparison in this period is available because of the different types of work required by war production.

With a return to normal, it has been difficult for the company to bring efficiency of its labor force back to the prewar peak. In recent months, however, the company reports productivity back to 95 percent of standard. In the one plant of the Murray Corp. operating on an incentive plan, productivity jumped from 93 percent to 112 percent after installation of the incentive-pay plan in 1943. At this plant, it rose to an average of 134 percent until the union imposed a production ceiling of 125 percent which is still maintained. Under this ceiling, productivity now averages 118 percent of standard.

The company is satisfied that productivity in its Detroit plants is now almost at its prewar level and it is probably as high as can be expected under a straight hourly-rate payment plan. It hopes to increase productivity in the near future by negotiating with the union an extension of the incentive-pay plan.

SECTION VI. EVALUATION OF COLLECTIVE BARGAINING

The Murray Corp., a key supplier of automotive frames and body stampings, has engaged in collective bargaining with the UAW for the past 10 years. It has some 6,000 production and maintenance employees in the bargaining unit represented by local 2, UAW (CIO), and no other union is recognized. A shut-down at Murray results in almost immediate and rather far-reaching dislocations through a large segment of the auto industry. Fortunately, labor relations between Murray and the union have been relatively stable and peaceful—there has been only one major stoppage in a decade of bargaining, an enviable record in this tumultuous industry.

Collective bargaining at the Murray Corp. has passed through several distinct phases in its evolution during the past 10 years. After the corporation recognized the UAW as bargaining agent for its employees, it abandoned its resistance to unionism and adopted a policy of union-management cooperation in a wide range of subjects. Through the years, however, the company has gradually come to the conclusion that union officers and stewards are sometimes more interested in preserving their own political strength in the union than in advancing the welfare of the members.

The union's most insistent bargaining demands have been related to the right to control and discipline its own members, and, through a strong steward organization, to protect the membership against discrimination or favoritism. There has been an overlapping of the functions and prerogatives of management and those of the union, with constant effort on the part of each to clarify the relation.

It is reluctantly conceded by the union that certain subjects, often the most bitterly contested issues, are outside the scope of collective bargaining with Murray because Murray's position in the industry is such that it cannot or will not make concessions greater or different than have been won from Murray's principal customers. Wages, hours, union security, employee-welfare programs, have all been largely excluded from bargaining discussions until Murray's customers had negotiated and established an indstry pattern. This tacit limitation of the scope of collective bargaining and acceptance of the general pattern, by both parties, has contributed to peaceful relations by exclusion of many of the more troublesome issues.

The one major break in their relations, the 1947 strike, occurred when the union insisted upon pioneering the determination of the issue of union liability following passage of the Taft-Hartley Act. That action was directed by the international, and the strike call was based upon authorization given by the membership 2 months earlier, before passage of the act and before the question of union liability for breach of contract became an issue. The union insisted on elimination of the no-strike clause and inclusion of a clause giving the union complete immunity from legal liability. Refusal of the company to accept this blanket immunity clause precipitated a strike which lasted 4 weeks and resulted in extensive lay-offs at Ford and Chrysler and the complete shut-down at Studebaker. The question was finally resolved by the signing of an agreement for the violation of which the union is made liable, but under which the union can relieve itself of liability for violations not within its control.

Union-management cooperation on two troublesome aspects of labor relations has resulted in definite contributions to the welfare of the company and its employees. Together they have evolved a method of settling disputes over time-study methods and production standards by recourse to technically trained union time-study stewards, who, together with the company engineers, exercise final and binding authority to adjust disputed standards. This has resulted in the quick determination at Murray, by intelligent and peaceful methods, of a type of dispute that is frequently both numerous and peculiarly destructive of good employee relations. Incentive pay for increased productivity is a second major contribution jointly developed by union and management. The plan is in operation at only one of the company plants at present, but there is an encouraging prospect of its extension throughout the corporation. In those company plants not under the incentive-pay plan, there has been gradually increasing friction since the war over the company's efforts to reach full standard production. At present, the union feels that 95 percent of standard is more than the company has a right to expect, and has announced its intention to resist further company efforts to increase productivity, by resorting to quickies and wildcat stoppages if necessary.

The union succeeded in 1947 in eliminating the wage-rate differential between the Belding and Detroit plants of the Murray Corp. Company figures indicated that, partly because of lower plant efficiency at Belding, unit labor costs were almost identical when a 15-percent differential was maintained. When collective bargaining reduced this differential, the company concluded that the Belding operations could no longer be continued on a competitive basis, and the Belding plant has been closed. The net result was elimination of a low-wage area, but loss to the community of 40 percent of its jobs, and a greater centralization of industry.

Collective bargaining has not yet reached maturity in this industry. A sensitive observer is likely to perceive that each side still measures the other with some suspicion and deals at arms' length. With passage of the Taft-Hartley Act, the company and the union each feels that its relations with the other are on the threshold of a new era. Efforts of the company to regain exclusive control of what it conceives are the rights of management and to restore a balance and equality to the bargaining relation will be vigorously resisted by the union as a challenge to its power and authority, a threat to its very existence. There is unquestionably to be a readjustment of the relation between the parties during the next few years, a new concept of the functions of union and management in the industrial economy. Achievement of this evolutionary cycle without open strife will be a severe test of collective bargaining.

THE R. J. REYNOLDS CO., WINSTON-SALEM, N. C.

SECTION I. THE COMPANY AND THE LABOR FORCE

The R. J. Reynolds Tobacco Co., of Winston-Salem, founded originally by Richard Joshua Reynolds in 1875, is one of the larger corporate entities in the tobacco industry. The company's cigarette product, Camel, is known to the tobacco trade, and to the public, as one of the Big Three, which includes Liggett & Myers' Chesterfield, and the Lucky Strike of the American Tobacco Co. The Reynolds enterprise is a large manufacturer of smoking tobacco, and claims that its brand, Prince Albert, is the largest-consumed smoking tobacco in the world.

Over 70,000 stockholders, including 1,800 stock-owning employees, are registered with the company. In the monetary volume of annual operations, it has been within the country's 20 largest corporate manufacturing enterprises. It is the largest industrial enterprise in North Carolina, and the largest in the Southern States with the exception of certain petroleum companies in the Southwest.

Change in products

Manufacture of cigarettes in Reynolds plants began in a small way in 1913, but almost immediately led to a great expansion in productive capacity and output, with a corresponding rapid rise in financial returns. In a few years the company was lifted from a mere local industry, in a small town of 50,000 people, employing a few hundred people, and specializing in chewing tobacco, into one of the country's foremost corporate enterprises, with a gross volume of business that has grown to over $700,000,000 a year.

Cigarettes have become the largest and most profitable product, in volume and in financial return, in the realm of tobacco processing. With growth in production, mechanization on a vast scale has taken place in the Reynolds plants. Job classifications have been changed, and higher skills in workers have come into demand.

Changing labor force

Prior to engaging in cigarette manufacture, a very large majority of the employees in the Reynolds plants were of the Negro race; sometimes 80 percent. The skill and dexterity of colored workers were peculiarly suited to the processing of hand-made "plugs" of chewing tobacco, and to filling cotton "pokes" with finely shredded smoking tobacco. The tempo of the workers was leisurely and unhurried; there were no maws of machines to steadily replenish, or measured pace of moving belt lines to set a pace for human hands. Wages were relatively low, with a 10-hour workday, and the workers were generally classed as unskilled labor.

With the introduction of cigarette making came a great increase in the number of white workers. They were engaged to operate the

machines, and to supply the higher skill that was deemed requisite to machine production of cigarettes. Today the company's employees are about equally divided between white and colored, although this ratio is subject to more or less constant fluctuation, especially when large numbers of seasonal workers are given employment. Virtually the only common and similar factor in the manufacturing process today, and in turning out smoking and chewing tobacco at the turn of the century, is that the same primary farm-grown tobacco product is used.

Today the manufacture of both cigarettes and smoking tobacco has become highly mechanized, but monotony is relieved by frequent interchange of jobs by employees.

Although both white and colored workers are to be found to some extent in every department and manufacturing operation, employees in the cigarette division are nearly all white, and colored people are in a heavy majority in handling and processing leaf tobacco, and in making "plug" or chewing tobacco. The cigarette-making machines are operated almost wholly by white employees, and as the manufacture of smoking tobacco has become progressively mechanized, the number of white workers has increased.

Source of labor supply

The company has a relatively easy labor supply. It can draw on the vast reservoir of rural inhabitants back in the unindustrialized mountain counties to the west, where the mode of life is largely farming, and employment is seasonal.

The several plants in Winston-Salem employ about 10,300 regular workers, and an average of about 1,000 seasonal workers are employed at intervals in the course of a year. An additional 5,000 regular and seasonal workers are employed in the leaf handling and redrying plants, and storage houses, in other cities.

The board of directors

A fixed rule of the company is that all members of its board of directors must be employed in executive and supervisory capacities in its plants. Generally, when a member of the board retires, or ceases to be actively engaged in the plant and in the company's business, he is replaced as a director. Most of the directors are at the head of the different departments, and responsibly charged with their conduct.

Tax contribution through excise levies

The Reynolds Co. each regular workday gives a certified check in excess of $1,000,000 to the Bureau of Internal Revenue in payment for excise tax stamps that will be used on manufactured tobacco products. These payments, for excise stamps alone, aggregate well over $300,000,000 a year.

SECTION II. HISTORY OF RELATIONS BETWEEN THE PARTIES

The employees and the nature of the work

Employees of the Reynolds Co. are divided roughly into regular workers, who are employed in the normal operations of the plants, and seasonal workers, who are engaged for a few weeks, or months, in the course of a year in work that is temporary in character. Most of the seasonal work is from mid-August to the end of December in handling

and storing leaf tobacco in warehouses, or in the company's canning plant which is operated during the summer vegetable-growing season to supply food for the company cafeterias. A few other temporary workers are employed in building and construction jobs, or in making repairs. In leaf handling and canning operations, almost all of the workers are classified as unskilled, and hired with the knowledge that their jobs are of limited duration.

On November 15, 1947, the company had in the collective-bargaining unit a total of 10,308 regular employees, and 1,056 seasonal workers, on its pay rolls; a grand total of 11,364 persons. Of the regular employees, 4,999 were white, and 5,309 were colored. In the seasonal roster, 29 were white, and 1,027 were colored.

The bargaining representative

Employees may be divided again, roughly, into three groups, no one of which is fully representative, or constitutes a majority. Largest of these groups are the members of local 22, of the Food, Tobacco, Agricultural and Allied Workers Union (CIO). This local and its parent union are the parties to the present wage contract. Under certification of the National Labor Relations Board, this union has been recognized since January 20, 1944, as a bargaining agent for employees of the Reynolds Co. Under the contract of June 9, 1947, local 22 represents all employees, both union and nonunion, as a bargaining agent.

Collection of union dues

Check-off authorizations for the deduction of union dues from pay were on file with the company on November 15, 1947, for 43 of its regular white workers, but for none of its seasonal white employees, and for 3,967 of its regular colored workers, and for 110 of its seasonal colored workers. This was a total of 4,077 persons. The local claims to have many members in the plants whose dues are not collected through the check-off, but insofar as the company is informed, all of its employees who are bona fide members of the union have filed check-off authorizations.

The group without bargaining rights

The Reynolds Employees' Association, an independent group, has a membership of about 3,000, all of whom are regular employees. Officials of the association claim that 2,500 of the members are white workers, and between 500 and 600 are colored workers. As an independent union, it is affiliated with the Confederated Unions of America, but it is without company recognition or bargaining rights. In the absence of recognition by the company, or a wage contract, the association has existed for 3 years without bargaining rights, although its members regularly pay annual dues of $1 each.

The unaffiliated group

The remaining 3,250 regular employees, and about 935 seasonal employees, are not affiliated with either of the organized groups. They are without any form of mutual association or collective-bargaining arrangement other than is provided by local 22.

Graphic illustration

The attached chart indicates the total number of employees of the company on November 15, 1947. The total employees are divided into

categories of regular and seasonal workers, white and colored, male and female. The chart indicates also the number of workers and the percentage in each group for whom dues-check-off authorizations had been filed with the company on behalf of local 22.

Total number of workers on the pay rolls of the R. J. Reynolds Tobacco Co. on Nov. 15, 1947, with the number for whom dues check-offs are made for local 22, Food, Tobacco, Agricultural and Allied Workers (CIO), and the percentage of such workers in the total of each category

Sex and color	Regular			Seasonal			Total		
	Number on roll	Number, local 22	Local 22	Number on roll	Number, local 22	Local 22	Number on roll	Number, local 22	Local 22
			Percent			Percent			Percent
Male, white	2,866	28	0.0097	29	0	0	2,895	28	0.0097
Female, white	2,133	15	.0070	0	0	0	2,133	15	.0070
Total, white	4,999	43	.0086	29	0	0	5,028	43	.0085
Male, colored	3,091	2,269	.7340	398	59	0.1482	3,489	2,328	.6672
Female, colored	2,218	1,698	.7655	629	51	.0810	2,847	1,749	.6143
Total, colored	5,309	3,967	.7474	1,027	110	.1070	6,336	4,077	.6434
Grand total	10,308	4,010	.3890	1,056	110	.1041	11,364	4,120	.3625

The foregoing chart graphically illustrates the fact that the employees are being represented by a union composed almost entirely of colored employees although the number of colored employees is only slightly larger than the number of white employees. This situation is readily understandable when the organizing efforts of the union are made known.

Early CIO organizing activities

The information with respect to the means employed by the union in conducting its organizing campaign among employees of the Reynolds Co. was supplied by law-enforcement officials of the Winston-Salem area, and by many Reynolds employees interviewed by staff members of the committee. These individuals expressed the belief that the information concerning such activities was known quite generally throughout the community and was in fact a matter of common knowledge.

Active and systematic efforts for organization in behalf of the CIO in Winston-Salem began in the summer of 1943. In 1942, prior to the appearance of the union organizers, the Reverend Owen Whitfield, a Negro minister, spent more than a year in Winston-Salem. He said he was on the pay roll of the Food, Tobacco, Agricultural, and Allied Workers (CIO) as an organizer and had come to make a study of the Reynolds' plants.

Use of Negro ministers

In the year, or more, that Whitfield spent in the study of the Reynolds plant, he made the acquaintance of all Negro ministers in the city. One of the first of these acquaintances was the Reverend Frank O'Neal, pastor of the Negro Union Mission Holiness Church, at Seventh and Vine Streets, and a resident of Winston-Salem for almost 20 years. O'Neal was the first and, later, most active of the Negro

ministers to join in the organizing effort. He was an employee in the Reynolds plant.

Other Negro ministers who joined Whitfield were Rev. Robert M. Pitts, pastor of the colored Shiloh Baptist Church, and Rev. Edward Goldston, pastor of the colored Trinity Baptist Church. Neither of them were members of the union or employees of the Reynolds Co. The Reverend Pitts was known as the greatest pulpit spellbinder among the Negro ministers of Winston-Salem. Religious services in the churches of the three ministers put emphasis on the call to colored employees of the Reynolds Co. to join the union.

The racial appeal

From the outset of the drive, the organizers stressed a racial appeal to Negro employees. They said that joining the union would eliminate any racial barrier in the use of restaurants, hotels, theaters, and public gathering places in the city, and in attendance of schools and churches.

With the colored ministers fully enlisted, sermons were preached in pulpits calling on members of their churches who were Reynolds employees or employed in the tobacco-leaf houses to join the union. Mass meetings and conferences on behalf of unionization were held in the Negro churches. In many instances the ministers called members of their congregations by name, and told them to come forward and sign the union applications. Signing, amid a chorus of "Amen" and "Praise the Lord," became a part of Sunday worship in the Negro churches. Employees who failed to respond to the exhortations were described from the pulpits, quite often by name, as "sinners" and "working for the Devil." Just as often they were given to understand that their abiding place in eternity would be very warm indeed.

The drive was very successful among Negro employees. About 5,000 of the Reynolds and leaf-house workers enrolled. Those who did not were regularly described as "sinners."

All workers in the Reynolds plants, both white and colored, were solicited to join the union, but very few white workers—variously enumerated at from 50 to 150—did so.

The independent union

Within a short time after the union began its organizing effort, a group of white employees in the Reynolds plants launched the formation of an independent union. This effort was under the leadership of James B. Laughter, an employee. An independent union, as the Reynolds Employees Association, was incorporated under the laws of North Carolina. Laughter and his associates were not able, however, to get a majority of the company's workers.

NLRB certification of FTA-CIO

A substantial block of white workers, exceeding 3,000, stood solidly on the contention that they wanted no union at all. Relatively few Negro employees joined the independent group, with the result that when an election was conducted by NLRB local 22 was declared the winner by a substantial majority. Certification of local 22 by the NLRB was made on January 20, 1944, as the exclusive bargaining agent for a unit of—

all production and maintenance employees of R. J. Reynolds Co., Winston-Salem, N. C., who are employed in its Winston-Salem plant, including seasonal employees, but excluding office employees, head inspectors, subforemen, and all supervisory employees with authority to hire, promote, discharge, discipline, or otherwise affect changes in the status of employees or effectively recommended such action.

Threats and acts of violence

The competitive organizing campaigns had not been free of strife and left many scars. Clashes occurred between leaders of the CIO drive and the promoters of the independent union. In one instance Laughter was surrounded in the street by about 30 men, most of whom were Negroes, as he left his work at the end of the midnight shift, and he was severely beaten. W. Clark Sheppard, a white employee, and later cochairman of local 22, was arrested for the assault, tried in the municipal court, fined $50, and given a suspended sentence of 30 days.

Threats were made against other officers and leaders of the independent union and against those who joined it. In several instances independent leaders were attacked in the streets, or bricks and rocks were thrown through the windows of their homes at night. When the claim was made that about 500 Negroes had joined the independent union a series of shotgun blasts into the homes of such Negroes at night set up a virtual reign of terror in sections of the city inhabited by colored families.

In other instances workers who had joined the independent union were frightened into withdrawing their applications and alining themselves with those who refused to join either groups.

In the plant election seasonal workers were allowed to cast ballots on an equal basis with regular employees, although the company contended that some of them had not been on its pay roll for several months and should not be designated as regular employees. The company has never abandoned this contention.

FTA's interest in affairs of local 22

The business of local 22 has been directed by a series of international representatives of the union. Frank Hargrove, of Nashville, Tenn., was the first. He was followed by Frank Greene and later by Philip Koritz. Koritz was succeeded by Edwin K. McCrea. Activities of these individuals, in addition to their direction of the local union, are considered later in this report. The local has also been headed by cochairman Robert C. Black, a Negro, of Winston-Salem, and W. Clark Sheppard, a white worker in the Reynolds plant.

Continuing opposition of independent union

The independent union has continued as a separate entity, refusing to merge with or accord recognition to the CIO union. Its officers and members describe the CIO union as Communist controlled and dominated. Independent union members did not take part in the strike, described below, of local 22 at the Reynolds plants in May 1947. Its officials assert that all of its members remained at work, and by "stretching out" the work of their own volition they were able to continue the plant in operation in practically its entirety.

The independent union has an executive committee, consisting of 12 elected members. Members of this committee include its officials, and also the officials of its union or chapter of colored worker-members. The colored chapter, as it is called, was created at the request of the colored members, who stated their desire for this arrangement. Rela-

tions are harmonious between the two chapters, its officials say, and there is no discrimination by one against the other.

Feeling between members of the CIO union, on one hand, and the independent union members and those who are not members of either group, on the other, is very marked. Members of the independent union assert they will not affiliate with the CIO union, without regard to collective-bargaining arrangements. It is their belief that the North Carolina statute prohibiting the closed shop will protect them in their refusal to join the CIO union.

The strike of May 1947

Negotiations for a new contract in the spring of 1947 commenced while the Labor-Management Relations Act of 1947 was being debated in Congress. A recently enacted North Carolina statute prohibiting the closed and union shop was in existence. The union insisted that provisions be inserted in the new contract which would relieve it from possible liability for breach of cotract and wildcat strikes. The union also demanded union security provisions and a 15 cents per hour wage increase. Agreement was not reached and a strike was called at midnight, April 30, when the old contract expired.

White employees, nearly all of whom did not join in the strike, asked company Vice President Whitaker and his associates not to grant pay increases while the strike continued. They told him they did not want the Communist Party to get credit for pay raises. Other nonstrikers told Mr. Whitaker they did not want pay for work not performed.

Rev. Frank O'Neal, who had so much to do with the organization of Reynold's employees, made a radio broadcast outlining the union's position. He said in part:

> We refuse to work without a contract. No contract, no work. This is a right every worker is entitled to. It's the same kind of common sense as not paying a bill unless you get a receipt for it.

O'Neal said the union had offered counterproposals other than the 15-cent pay increase. They were:

First. A 10-cent differential for night workers, instead of 5 cents.

Second. An adequate health and group insurance plan, paid for by the company, instead of the present plan "which costs the workers heavily, and to which the company contributes little or nothing."

Third. Full union security "without any retreat because of the unconstitutional and undemocratic law recently passed in North Carolina."

(NOTE.—This statement refers to the recent act of the State legislature, which outlaws the "yellow dog" contract, prohibits an employer from requiring a worker to join or not to join a labor union, and outlaws both the closed shop and the union shop. The expiring contract had a maintenance-of-membership clause providing that workers could withdraw from the union only in a designated period, but the company took the position in the contract negotiations that renewal of this provision would be in conflict with the new State law. The union took the position that they could and should have maintenance of membership.)

Fourth. Time and a half for everybody after 40 hours.

Fifth. Automatic progression to top of the wage scale through the first 5 of 10 labor grades to give due recognition to a worker's length of service, and to eliminate favoritism.

The company posted notices in the plant that those who wished to work would be protected, and the union charged the company with circulating rumors that "strikers can't get their jobs back." The Reynolds Employees Association, the independent rival, passed out a circular saying: "We will work; we will not strike."

Judge Clayton Moore, attorney for the company, issued a statement saying:

> The company's position is that it cannot make a contract carrying provisions clearly designed to evade the North Carolina law passed by the recent legislature. The contract offered the union by the company would have meant, on the basis of the working force and schedule as of April 30, 1947, an increase in cost of 10.71 cents per hour per worker, as figured by the company, and 10.58 cents as figured by the union.

Charges of Communist activity in local 22

On May 19, the Winston-Salem Journal gave publication to three affidavits by persons who were, or had been, officials in the local union, saying the strike was being prolonged and intensified by Communist agitators who had arrived in the city, and further, that "the Communist Party has captured local 22, lock, stock, and barrel." One of the affidavits was signed by Anne Matthews, until recently secretary of local 22 and district treasurer of the Communist Party. Another affidavit was signed by Eugene Pratt, also recently the business agent for local 22. The third affidavit was signed by Spencer Long, who shortly before had been a paid organizer for local 22, and captain in charge of the strikers' picket lines.

The three affidavits charged the local union had "become communistic and irresponsible," and that Communists were attempting to stir up violence, race rioting, and clashes with the police, in the Reynolds strike.

Miss Matthews, with Pratt and Long, in their affidavits, charged:

1. Communist membership cards, signed by Sam Hall, Communist chairman for the Carolinas, are so common in union headquarters that they are picked up from the floor.
2. Local 22 is so thoroughly controlled by a Communist clique that any attempt to improve the situation from within is impossible.
3. Further unionization at the Reynolds plant is hopeless because of the union's "irresponsible leadership," and "respectable workers" will not associate themselves with the local with "the existing element running it."

On May 25, a wave of terrorism against colored nonstriking workers, and vandalism around their homes, had its beginning. It grew nightly in its intensity and brought on a condition of utter lawlessness in the hours of night in many of the residential sections where Negroes live. Threatening notes, tied to brickbats and rocks, were thrown through the windows of nonstrikers. Tires of automobiles parked on the streets were slashed, and shots from pistols were fired into homes. Several nonstrikers who appeared on the streets at night in the vicinity of their homes were attacked and severely beaten.

With the police department concentrating its force in the area of picketing, it was not possible to safeguard the homes of nonstrikers. Each night after May 25 brought a renewed and more intense outbreak of rock throwing and shotgun blasts into the homes of nonstrikers.

Sullenness and bitter feeling was spreading on the picket lines. Chief Gold said the situation was rapidly deteriorating, and there was danger that racial violence would break out.

Settlement of the strike

Representatives of the company and the union came into conference on June 8, with D. Yates Heafner, of the United States Conciliation Service, and Frank Crane, of the North Carolina Conciliation Service, in attendance. A new contract was agreed to, in which the company's offer made the day the strike began, was accepted. After 38 days, the strike came to an end. Mr. Heafner announced that the three issues of union security, seniority, and wage rates were settled, as follows:

1. Any employee may voluntarily ask for the check-off of his union dues.
2. Readjustment in rating on seniority is agreed to.
3. An average increase in wages, over-all, of 7 percent, or about 10½ cents an hour, with two added holidays with pay, is accepted. The new wage rates are effective from May 5, 1947. The contract provides for continuance of the automatic wage-rate progressions in effect before the strike.

Several days before the strike was settled, an investigator for the House Committee on Un-American Activities, came to Winston-Salem and began an investigation of Communist activity in relation to the strike. It was announced in local newspapers that the committee would examine the financial records of local 22 to determine whether union funds were filtering into Communist channels and activity. Whether this action had any effect in bringing the strike to a rather sudden termination is not evident.

Unquestionably, the charges of Communist affiliation and activity made against officials of local 22 and the international union, in the affidavits of Anne Matthews, Eugene Pratt, and Spencer Long, had a demoralizing effect upon the strike leadership. The union officials did not deny the charges made in these affidavits.

Future negotiations

While the Reynolds Co. has not revealed the position it will take when the present contract comes up for renegotiation, its answer to the union's October 28, 1947, request for bargaining rights at the leaf redrying plant in Greensboro, N. C., may give an indication. The company replied to the union's request stating that it doubted that the union represented a majority of the Greensboro employees, suggested that a petition be filed with the NLRB, and refused recognition until certification following proof of majority in an NLRB-conducted election. No such petition has been filed.

SECTION III. ANALYSIS OF PRESENT AGREEMENT

The existing contract was negotiated with a union bargaining committee headed by Donald Henderson, international president, and Edwin McCrea, international representative. Acting for the company was John C. Whitaker, vice president in charge of manufacturing and of industrial relations; E. E. Bumgarner, director of personnel and legal counsel.

Union security

The wage contract between the Reynolds Co. and the FTAA union (CIO) signed on June 8, 1947, provides for neither a closed shop nor a union shop. Such provisions in a wage contract are prohibited by the statutes of North Carolina. The contract applies to, and covers, all production and maintenance employees in the plants of the company in Winston-Salem, but these plants operate on an open-shop basis. Member dues to the union are checked off by the company, in accordance with voluntary check-off authorizations, for approximately 39 percent of the regular employees (or 4,000 in 10,300), and 10.4 percent of the seasonal or irregular employees.

Lay-offs and promotions

Obligation is assumed by the company in the contract that in making lay-offs or recalls of workers, in seasonal or other circumstances, seniority within the job classification shall control, other factors and qualifications being substantially equal. In filling vacancies and making promotions within departments, the company shall consider the seniority of the employee, along with his other qualifications. However, the company is the sole judge of qualifications and ability. On this point, the contract further says:

> The company's decisions in regard to promotions and the filling of vacancies shall be subject to the grievance procedure, but shall not be subject to arbitration.

Persons employed only in the seasonal operations of the company have preference under the contract over new applicants in obtaining regular employment, but a person must begin work within 7 days of notice by the company that regular employment is available. During seasonal operations the company may decide, and give preference, to seasonal workers who, in the company's judgment, can be transferred to another job without interfering with the seasonal effort.

Probationary service

Every new employee shall be on a probationary period of 60 days, during which time he may be discharged at the company's discretion for any reason whatsoever, and the discharge is not subject to the grievance procedure. A reemployed person may not acquire any seniority until he has completed 60 days in reemployment.

Seniority rules

Seniority lists are revised each 6 months, and are on file with superintendents of departments, and open to inspection during regular working hours by employees in such department. An employee forfeits all accrued seniority if he (1) is discharged for proper cause; (2) quits, or leaves the company's service of his own accord; (3) is continuously out of the company's employment for 1 year for any cause other than military, maritime, or naval service; (4) fails to keep the company informed as to his address while on lay-off, or if he cannot be located within 7 days by the company for reemployment; or (5) while temporarily laid off, he fails or refuses to return to work within 7 days after being recalled.

Leaves of absence

Granting or refusing leaves of absence is a matter within the sole discretion of the management and not subject to the grievance pro-

cedure except in an instance where it is alleged that discrimination has been practiced because of an employee's membership or activity in the union. Applications for leaves of absence are to be taken up with the foremen. A refusal may be reviewed by the superintendent, whose decision shall be final.

Leaves of absence without pay for not more than seven members of the union are provided for when such persons are elected to full time local union positions in Winston-Salem, and such work taking them from their employment with the company. Seniority is to continue during such leaves of absence.

No-strike clause

It would be difficult to frame a stronger no-strike clause than the one found in section 12 of the contract:

> There shall be no strikes, refusals to work, deliberate slow-downs, sit-downs, picketing, or other interference or interruption in the normal conduct of the company's business by the union or by any employee, or lock-outs on the part of the company during the term of this agreement.
>
> The union agrees that ample provision is made by this agreement for the settlement of grievances of disputes arising between the union and the company. It recognizes that failure to use the grievance procedure provided herein is not in the interest of either party to this agreement. Neither the company nor the union will instigate, sanction, or condone, aid or abet, any violation of the preceding paragraph. Such violation of this section, or preceding paragraph, by any employee shall subject such employee to discharge or other disciplinary action in the discretion of the management, provided that the company notwithstanding such action shall retain all rights and remedies which it may possess against the union for breach of this contract.

The grievance procedure

The grievance procedure provides that complaints shall be taken up by the employee first with the foreman or subforeman verbally, either alone or through a shop steward, as he may desire, not later than 3 days after the occurrence of the cause of complaint. If the foreman's answer is unsatisfactory, or not given within three working days, the cause of complaint is reduced to writing, signed by the complaining employee, and presented to the superintendent.

In the event the complaint is not adjusted satisfactorily by the superintendent within three working days, it is sent to the personnel manager of the company, where it shall be reviewed within 5 days. If adjustment is still unsatisfactory, the complaint comes before the grievance committee, consisting of three representatives of the management and three representatives of the union. At least two of the union members must be presently employed by the company, and previously for at least 2½ years, unless waived by mutual consent of the company and the union. The contract provides:

> Grievances not settled by the grievance committee that are arbitrable under the provision of this agreement may, if request is made in writing within five working days, be arbitrated in the manner provided in the arbitration provision of this agreement.

The grievance committee meets every other week on Wednesday, 2 hours before quitting time of the day shift. Grievances that are not disposed of by the grievance committee, and are arbitrable under the contract, will become subject to arbitration.

Arbitration

Arbitrators are selected as follows: One by the company, one by the union, and a third, who shall be chairman, chosen by agreement of the first two. In the event of the company and union representatives failing to agree upon a third member within 5 days, the third arbitrator shall be selected by the Director of the United States Conciliation Service.

In section VI, relating to arbitration, the contract says:

> Any dispute as to the interpretation or application of any provision of this agreement, not settled under the provisions of section V (grievance procedure) of this agreement, shall be submitted to arbitration if requested by either party hereto in accordance with paragraph (*e*) of section V of this agreement (i. e., grievances not settled by the grievance committee to be arbitrated if arbitrable).
>
> The decision of the arbitrators or a majority of them, when rendered in writing, shall be final and binding upon the parties to the dispute for the duration of this agreement. *Provided, however,* That the arbitration shall be confined to matters of interpretation or application of specific provisions of this agreement; it shall not cover disputes or demands for wage increases or other changes in the provisions of this agreement.

Union stewards, and limitations on their activity

The number of shop stewards on behalf of the union is limited by contract provision to 115, all of whom shall have top seniority in layoffs and recalls. The number may be increased or decreased by mutual consent of the company and the union. Stewards are enjoined by the contract provision from taking grievances for employees unless they consider the complaints to have merit. It is provided:

> When the employee thinks he has a grievance and the steward knows that under the terms of the agreement there are no grounds for a grievance, the steward will explain to the employee that he has no grievance.

An employee who wants to present a grievance to the steward may not leave his working place or stop his work in any circumstance to see the shop steward without the consent of his immediate supervisor, and a steward may not leave his place of work to discuss a grievance with another employee without permission from his foreman. The contract says:

> If he [the employee] decides to take up a matter through the steward, he shall see the steward after work hours unless the matter is urgent.

No renewal or reopening clauses

The contract will expire on May 1, 1948, and there is no automatic renewal clause. No provision is made for reopening the contract for wage adjustments.

SECTION IV. OTHER LABOR POLICIES OUTSIDE THE AGREEMENT

Sanitation

Sanitary conditions in factory operation and health of employees is of prime consideration to the Reynolds Tobacco Co. Emphasis is placed by the company on sanitation at home and in the factory, and on disease prevention. Vaccination against typhoid, and scientific instruction in the prevention of typhoid, is carried on for the reason that more than one-third of the white employees live on farms in the rural area surrounding Winston-Salem, and are generally dependent

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on wells for a water supply. About one-fourth of the colored employees live outside of the city limits, or in quarters where normal sanitary conveniences, and safeguards to health, are limited or meet only minimum standards. Vaccination is given in permissible cases against influenza.

All cuspidors in the Reynolds work rooms are attached to wall brackets, 18 inches from the floor, and equipped with tight fitting chrome metal covers. A cuspidor may be used only when the cover has been removed, and an employee is standing close to it. Under the company's rule, spitting on the floor, or anywhere other than in a cuspidor, is a cause for instant dismissal.

Manufacturing rooms are ventilated by large air ducts, and processing machines are equipped with ducts for removal of dust by suction. Dust masks and tight-fitting goggles are used by employees in the initial handling of leaf tobacco and in working places where the dust content in the air is above normal.

The Reynolds medical department

In 1919 the Reynolds Co. launched a separate, integrated health department, charged with over-all supervision of health of employees, sanitation and health conditions in the plants and workrooms, sanitation in food preparation in kitchens and in the environment of the company-operated cafeterias, and to coordinate these efforts by the municipal health authorities and the North Carolina Board of Public Health. Since then the department has been expanded and enlarged as the number of employees has increased.

The company gives this summary of results in the conduct of its medical department:

> The medical department has proved its worth to our company in many ways. It is difficult to estimate accurately its worth in dollars and cents, but we are positive the following results have been accomplished:
>
> 1. For 25 years we have had complete and authoritative information on the physical condition of each of our employees. These data have been invaluable for decisions on promotions and transfers and in fitting the right person to the right job.
> 2. The knowledge that the company is vitally interested in the health of its employees has aided in better employer-employee relations.
> 3. A definite reduction in costs of workmen's compensation insurance and a definite reduction in group life insurance premiums.
> 4. A healthier working force. There is little doubt that the department has a part in production and an influence on employee morale.
> 5. Complete care of all injuries received on the job, and where the injuries require hospitalization the cases are still the responsibility of the department.
> 6. From the public-health standpoint, we feel we have made a worth-while contribution to the health standards of our community. Employees feel free to discuss their personal and family problems with our doctors and nurses.
> 7. Evidence of the excellence and high standards followed by our doctors and nurses is shown in the following excerpt from a letter dated May 1, 1942, to our Dr. E. S. Thompson from Dr. Orlen J. Johnson, field representative of the American Medical Association, Chicago:
>
> "I can state very sincerely that the medical plan you have in operation at the Reynolds Tobacco Co. is one of the best I have seen, which numbers many. The principles behind it are outstanding and the execution admirable."

Activities of the medical department are directly connected with the administration of the company's group-insurance plan, the hospital plan, and with the labor turn-over. The group-insurance plan, the hospital-service plan, and the retirement plan are discussed below.

The hospital-service plan and the retirement plan for the employees are entirely company-supported. The group-insurance plan is a voluntary plan supported by both company and employee contributions and has been in effect since 1929. There has been no bargaining with the union with respect to any of these plans.

Group-insurance plan

On November 1, 1947, the group-insurance plan covered 11,475 employees or 96 percent of those eligible, in an amount of life insurance of $56,613,750. Since the plan has been inforce, from December 3, 1929, to November 1, 1947, a total of 1,495 death claims, and 896 total and permanent disability claims, amounting to $4,043,431.18, were paid. This was an average of approximately $1,700 per claim. In addition, accident and health claims were paid, amounting to $1,854,913.78. This was a grand total of $5,898,344.96, or an average of $327,685.83 a year for each of the 18 years.

Hospital-service plan

From the date of inauguration of the hospital-service plan on June 15, 1939, to November 1, 1947, hospital service for employees and eligible members of their families represented an expenditure of $730,099.68. There were 18,304 hospital admissions, with a total of 151,981 days spent in hospitals, at an average cost of $39.89 per admission. In 1947, there were 31,958 employees and eligible members of their families covered under the plan, which the company said was the largest in the United States on a cost-plus basis, and the third largest of any kind in the United States.

Retirement plan

Employees of the Reynolds Co. have very substantial equities and benefits under the general retirement plan put into effect on December 31, 1946. This plan supersedes an earlier retirement program that was inaugurated on November 27, 1929. The plan is of the standard form that is approved by the Bureau of Internal Revenue as meeting the requirements of section 165 (a) of the Internal Revenue Code. An irrevocable trust fund, into which the company is committed to pay about $26,400,000 over the ensuing 11½ years from inauguration, is established, with the Mellon National Bank & Trust Co., of Pittsburgh, as trustee. The plan is not the result of negotiation with the union, nor does the union participate in its administration.

All contributions to the retirement fund are made by the company, and no contribution, or pay-roll deduction, is made by any employee participant. Benefits payable per annum to recipients upon retirement, for service not exceeding 40 years, are larger than are the benefits payable under the old-age and survivors' insurance program of the Social Security Act on the same sum of annual earnings. Benefits under the plan are paid to retired employees independent of, and in addition to, the earned retirement benefits under the Federal old-age and survivors' insurance program.

Higher benefits under the plan are due to the fact that all annual compensation is included in the calculation of retirement benefits, rather than only the first $3,000 in annual earnings, as under the social-security law. Another factor is that prior service extends back to the beginning of employment with the company that is without break in

continuity. Credited prior service may greatly antedate the inauguration of the social-security system.

Benefits are payable only to the retired employee, and there is no provision for a continuation of payments in any sum to survivors upon his demise. Payments are the same to a retired employee with or without dependents, and are nonalienable.

Under the plan, every employee who was in the company's service on December 31, 1946, or employee who had been called into the armed service or other approved leave, is a participant and beneficiary. A person who has become an employee of the company since December 31, 1946, and had not attained the age of 50 years when his employment started, is included in coverage as a beneficiary. Every employee is blanketed in the plan's coverage provided his regular employment is for more than 20 hours a week, and for more than 35 weeks in a year. Employees who are seasonal, temporary, part time, or casual, are not covered. At the time the plan became effective, 17 officials and about 11,783 employees qualified as participants.

Under another flexible feature of the plan, a participant who has not reached the age of 65, but who has attained the age of 55 and has completed 20 years of credited service with the company, will be retired on his own application, or on the application of the company, on an early retirement allowance. This allowance, at the election of the employee, consists either of a deferred retirement allowance starting at the age of 65 and computed on the normal rate, or a retirement benefit that is the acturial equivalent of the deferred retirement allowance. Separation prior to the twentieth year of services does not entitle the separant to any retirement benefit.

Disability retirement allowances are paid to totally and permanently incapacitated workers. Such an allowance consists of 90 percent of a normal retirement allowance, to which is added 10 percent as supplemental, of the average annual compensation not in excess of $1,000 a year. On attaining the age of 65 the supplemental allowance is reduced to the sum that equals the primary insurance benefit then payable to the retired person under the Social Security Act at the time when the plan went into effect.

While sums paid into the trust fund by the company are irrevocable, the plan is not set up as a permanent and irrevocable obligation upon the company. Contributions to the fund at this time are as large as the company feels it can make, and any enlargement in the plan would entail, in the opinion of company officials, the inauguration of contributions by employees as well.

Cafeterias

The company operates 10 cafeterias in its plants; 5 of which are for white employees, and 5 for colored employees. An effort is made to "hold down" prices, and there is a loss in operation through September 1947, of $59,000. However, the company feels that it wants to supply standard quality food and wants to prevent food illness among employees. About 6,000 persons a day are served meals in these cafeterias. Food and service in the separate dining rooms for white and colored workers is identical, and prices are the same.

Dining rooms are open at regular hours for all shifts of workers, and the time allowed for each meal is 30 minutes. The time allowed formerly was 1 hour, but was reduced to 30 minutes at the request

of employees, who objected to time spent "on the sidewalks, or in hallways, after meals."

Devices to combat fatigue

The company is engaged now in testing out various shades of green paint, on both machines and workroom walls, with the aim of relieving tension, or any degree of eyestrain, among the workers. A plan of shifting work positions at stated times during the work shift, so as to use "a different set of muscles" in work, is being used, too, to combat the element of monotony in machine attendance.

SECTION V. BARGAINING METHODS AND PRACTICES

Labor-management relations in the Reynolds plants have been plagued from the outset of unionization in 1944 by an invasion of outside persons, described as "Communists," who appear to have been more anxious to spread radical doctrines, and to arouse class and racial feeling within the ranks of workers, than to promote healthy relations between employer and employee. Many of these individuals have been from within the union, either international representative or organizers, while others have had a parasitic contact with it, and used it to their own ulterior ends. Both as an effective bargaining unit, and in its prestige in the community, the union has suffered severely through the presence of these persons.

Communist Party organizing efforts

Communist activity in varying degrees was present in Winston-Salem for the first 2 years of unionization of Reynolds workers, but it became aggressive very soon after the coming of Sam Hall, who was reputed to be chairman and district organized for the Communist Party in Virginia and the Carolinas. He energetically set out to recruit all of the officials and board members of local 22 as members of the Communist Party, and word spread in the ranks of Reynolds workers generally that all officials and board members of local 22 "were expected to join up."

Hall put on a strong recruiting drive. Many members of local 22 complained to shop stewards and other minor union officials that Communist literature was coming to them through the mail, with the return address of Hall and his post-office box on the envolopes. New members of the union complained of such literature being brought by the postman as soon as they joined. There was every indication that the membership roster of local 22 was being used by Hall as a mailing list in Winston-Salem for his intensified Communist drive for members. In fact, the headquarters for Communist organization in the three Southeastern States, according to police records, has been either wholly or in a very large degree in the office of local 22. Meetings of the Communist Party, including a tri-State convention, have been held in the headquarters of local 22, and Communist organizers in Virginia and the Carolinas have been frequently seen entering and leaving the local's office.

In the latter part of June 1946, the first convention of the Communist Party in North Carolina convened in the headquarters of local 22, with Hall presiding, and with Anne Matthews, the recording secretary of local 22, acting as secretary. In this convention, Hall was elected as

chairman and organizer for the party in the district of North Carolina, and Christine Gardner, a member of local 22, and employed in a tobacco-leaf house, was elected as district or State secretary. The district executive committee that was chosen consisted of Hall and three office-holding members of local 22; Christine Gardner, Moranda Smith, and Robert Lathan. Also elected to the executive committee was Edwin McCrea, international representative of FTAA union, assigned to local 22.

Hearing by House Committee on Un-American Activities

On July 23, 1947, the House Un-American Activities Committee conducted a hearing on Communist activity in local 22.

Anne Elizabeth Matthews testified to the committee that she was born in Newark, N. J., in 1908, and had been employed as secretary of local 22, in Winston-Salem, from October 1945 to January 1947. In this capacity, she said, she recorded the minutes of sessions of the union's executive board. She said she had been a member of the Communist Party for 10 years. She said she had previously worked in an organizing effort to the union in Florida, and while there she met Robert Black, of California, supposedly a member of the Communist Party, who had been sent in as an organizer.

In Winston-Salem she said she was introduced to Alice Burke, district organizer of the Communist Party in Virginia and North Carolina, by Frank Green, director of local 22, and regional director of the union's tri-State council.

Early in 1946, she said, Miss Burke asked her to become organizer for the Communist Party in Winston-Salem, as well as to conduct educational and propaganda activities. She named as active Communist Party members, in Winston-Salem, Frank Green, Etta Hobson, Robert Black, W. Clark Sheppard, Eleanor Hoagland, Theodosia Simpson, Robert Latham, Philip Koritz, Velma Hopkins, Rev. Frank O'Neal, Moranda Smith, Christine Gardner, and William DeBerry, all active in the official conduct of local 22.

Sam Hall, with headquarters in Winston-Salem, and frequently in the offices of local 22, was named as head of the Community Party in North and South Carolina. She said Hall engaged in recruiting members of the Communist Party from among the members of local 22. Hall's recruiting drive was launched at a meeting held in the church of Rev. Frank O'Neal, who also is an employee of the Reynolds Tobacco Co. She told the committee the first convention of the Communist Party for the Carolinas was held in Winston-Salem in June 1946, and she was elected as district treasurer. She said William DeBerry was chairman of this convention, and that he was also a CIO international organizer. She expressed the belief the total Communist Party membership in Winston-Salem was limited to about 150 persons.

Communist Party training

Various officials of local 22 were granted leaves of absence to attend the Communist training school in Beacon, N. Y., she testified. Other officials of local 22 who were active in Communist Party organization, she said, were John Henry Minor, executive board member; Jethro Dunlap, chairman of the welfare committee; Ruth Stokes, who had been a shop stewardess.

Funds of local 22, she said, were used to make contributions to certain Communist-front organizations and to send delegates to Communist-front conventions.

Eugene C. Pratt, former business agent of local 22, testified to the committee he had been "greatly concerned with the Communist infiltration into the organization that had a contract with the Reynolds Tobacco Co." He said he believed in "clean organized labor, not Communist-dominated organized labor." He told of attending a Communist meeting in O'Neal's church, which was addressed by Robert Minor, member of the national board of the Communist Party. He said that copies of the Daily Worker were continuously sold at the offices of local 22, with active solicitation of subscriptions. When asked this question:

> Do you have any information, or is it your opinion, the roster of membership of local 22 was being used by the Communists for the purpose of distributing their literature?

The witness replied:

> Yes, sir; it is my opinion, and I base my opinion on this: Many of the white people and a few colored people approached me saying immediately, or very shortly after they had become a member of the union they began to receive this literature. Many of them objected to it strenuously saying they were not interested, and they were surprised to find it in the union, and that their membership in the union started bringing this type of literature to their door through the mail. Therefore, they had only one thing to assume, and that is as soon as their name went on the union books it was turned over to the Communist Party.

Mr. Pratt added that, considering the method used, the Communist Party "has made great gains * * * in local 22."

He said he saw Sam Hall in the offices of local 22 "as much as three times a week."

Spencer Long, former organizer for local 22, testified this unit was controlled from the top by international representatives, in both policies and activities, and rank-and-file members had little or no knowledge of what was done or how the local was administered.

Robert C. Black and W. Clark Sheppard, cochairman of local 22, and Edwin K. McCrea, international representative assigned to local 22, were called as witnesses. Each was asked whether he was or had been a member of the Communist Party and each refused to answer on the ground that the answer "may tend to incriminate me."

Achievements of local 22

Effectiveness of local 22 as a bargaining representative of the Reynolds employees leaves much to be desired. Whether through inadequacy or ineptness, it has failed to build up effective procedures for collective bargaining; it has not become a stabilizing force in the community; nor has it been able to win over a substantial number of white workers. There is, indeed, nothing in the record of this local to indicate any controlling intent to develop harmonious relations between employer and employee, to cultivate mutual understanding, or to dispose of differences through orderly procedures or constructive negotiations.

The company contends that the local has not sought to promote cooperation and harmonious relationship, or to develop clearly defined procedures. The company contends that the local has shown no interest in efficiency of workers, or in maintaining acceptable standards

of efficiency, and further, that the local has never cooperated to this end. On the other hand, the local has registered many objections to improvements in production methods and to practical economies in operation, even where such changes would have no effect on the physical exertions and earnings of employees. Company officials assert "the union claims the slightest improvement is a speed-up."

The nature of grievances

The long list of grievances that has been filed under the present contract—and examination of the original files, reveal it is a long list—are not typical matters in collective bargaining. The grievances run the whole gamut of foibles, frailties, eccentricities, and superstitions. They may cover the complaint that "there's a black cat running around our workroom", or that one worker is "hoaxing and jinxing" another worker.

One of the most frequent grievances confronting the company concerns employees who walked off of the job without warning, and after a week or two of unexplained absence were severed from the pay roll. In demanding reinstatement through the union, the severed worker may say he went to "visit his folks" in South Carolina or Georgia, and couldn't get back because "his car broke down," or "the train didn't run." Sometimes the explanation is "the police picked him up." In another instance, "his wife beat him up."

Less than 1 percent of the grievances that have been presented to Vice President Whitaker and director of labor relations, E. E. Bumgarner, in more than 3 years, according to an examination of their records, relate to differences on rates of pay and bona fide working conditions. The vague one-word allegation of "discrimination," or "the company is discriminating against me," is a standard complaint in perhaps 80 percent of the grievance claims. In examination, the charge quite often flattens out to an illusion, or as officials of the company say, "just seeing things."

> I do not recall when I have had a grievance claim before me that was basic, and had a real element of merit,

said Mr. Bumgarner:

> I have handled all of these things—the messiest stuff imaginable, and often so trivial they cannot be considered. These complaints run all the way from a person leaning on superstition to an imagined wrong because another worker failed to speak in passing.

And these grievances have been filed by stewards despite the contract requirement that they examine the complaint and if groundless to so inform the employee.

It is charged that local 22 adheres to a practice of pushing its complaints to arbitration in a large number of instances, and when it loses in the arbitration award, as it has done in most of the cases, an effort is made to appeal the matter to the NLRB. In every appeal of this kind so far, the NLRB has refused, on examination, to entertain it.

One case in which the union had sought arbitration and lost the award involved dismissal of six employees in the Reynolds plant. A preliminary examination by Reed Johnson, regional representative of the NLRB in Winston-Salem, revealed that two of the employees had been discharged when apprehended in throwing cartons of cigarettes through a plant window to a confederate. Two others had been discharged for incompetence and negligence in work, and the remaining two summarily dismissed for spitting on the floor.

Charges, presented to me so far by local 22 do not stand up on examination, said Mr. Johnson, and do not constitute complaints in any legitimate sense. Some of the union's business agents seem to carry a pad of complaint blanks in their pockets, and fill them out at random. Many of the complaints I have seen have no other entry than "discrimination," or "seniority too low." Union officials have often come here with a string of such complaints, insisting that hearings be scheduled before any examination is made as to their merit. The union has often demanded that we allow NLRB to be used in this way.

The activities of local 22, and of its officials, appear by observation and study to be concentrated on these things:

1. Excessive political activity, which has nothing to do with employee interests or with collective bargaining. In such category were its efforts to secure withdrawal of American Aid to the Chinese National Government; its condemnation of the British and Dutch action against the Indonesian peoples; its attack on Winston Churchill; its opposition to the loan to Greece; and its efforts to abolish the House Un-American Activities Committee.
2. Preparing and presenting petitions and "demands" of a political nature to the mayor of Winston-Salem, and demanding the enactment of ordinances by the city council designed to wipe out zoning ordinances relating to Negroes living in any portion of the city, or patronizing hotels, restaurants, and public places that cater exclusively to white persons.
3. Carrying on agitation designed to arouse racial and class-conscious frictions, and stir up racial bitterness and animosity between the white and Negro people of Winston-Salem.
4. Resisting and opposing the Taft-Hartley law, misconstruing its provisions and intents, and agitating for its repeal.
5. Soliciting and collecting contributions for the CIO, PAC, and for organizations and movements known as Communist or subversive in their natures.
6. Distributing "cause" leaflets and circulars, and soliciting subscriptions for radical, Communist, and pink-tinted publications and periodicals.
7. Promoting the political fortunes of a Negro alderman in Winston-Salem, and organizing the Negro population for political action along lines that are frictional and hostile in relation to the white population of the city.
8. Using the churches and religious institutions of the Negro population to promote the growth and spread of communism, and to arouse racial animosities.

SECTION VI. EVALUATION OF COLLECTIVE BARGAINING

There has been no collective bargaining in the usual meaning of the term between the Reynolds Tobacco Co. and local 22. It is true that the union has processed a great volume of grievances and called a strike for a wage increase. It settled the strike on the basis of the employer's last offer prior to the strike, and its success in winning grievance cases has been negligible. But there has, at no time, been

that good faith interchange of ideas and working out of mutual problems which is generally identified with good labor-management relations.

The company questions the majority status of the union and bases its doubt on the fact that dues are checked off for only 36 percent of its employees.

Local 22 won its adherents by promising abolition of racial inequalities and segregation. Now its efforts are directed at accomplishing such purpose on a world-wide level. Little thought is given to working conditions within the Reynolds plant.

The company has gone forward on a unilateral basis with its plans to make its employment satisfactory to the individual worker. Its measures to improve sanitary conditions within its plant and the health of its employees have been costly, but rewarding. By its group insurance, hospital service and retirement plans, it has reduced labor turn-over and built up great personal loyalty on the part of individual employees to the company.

The contract between the parties bears every evidence of having been written entirely by the company. In the no-strike clause, the employer is given sole discretion to discharge or discipline any employee who goes on strike during the period of the contract. It is difficult to find anything obtained by the union in exchange for such concession. There is nothing unusual about either the grievance procedure or protection of seniority rights. If anything, those provisions are more favorable to the employer than in the usual contract.

There is no evidence of union interest in promoting efficiency within the plant. No common ground has been found upon which management and the union can work together. Each has gone along its own chosen road and the roads appear to be miles apart.

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80TH CONGRESS, 2d Session | SENATE | REPORT No. 986, PART 2

LABOR-MANAGEMENT RELATIONS

MINORITY VIEWS

OF THE

JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS

CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 401 OF PUBLIC LAW 101 (80TH CONG.) ESTABLISHING A JOINT CONGRESSIONAL COMMITTEE TO BE KNOWN AS THE JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS

APRIL 1 (legislative day, MARCH 29), 1948.—Ordered to be printed

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JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS
[Created pursuant to sec. 401 of Public Law 101, 80th Cong.]

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PREFACE

The minority members of the Joint Committee on Labor-Management Relations, Senators James E. Murray (Montana), and Claude Pepper (Florida), and Congressmen John Lesinski (Michigan) and Augustine Kelley (Pennsylvania), have made a careful study of the first 6 months of experience under the Labor-Management Relations Act, commonly known as the Taft-Hartley law, and of the report made public by the committee on March 15, 1948.

We offer this report of the minority on the important subject of labor-management relations, knowing that the record under the new law is being carefully appraised by a wide segment of the American people. We have made this study with that care and impartiality warranted by the importance of the subject. It is submitted to the Congress, and to the people of the United States, in a sincere desire to acquaint them with the operation of the law, so that it may be better understood.

We are particularly indebted to the Public Affairs Institute,* a scientific research organization, for the factual data which it has made available to us.

JAMES E. MURRAY.
CLAUDE PEPPER.
JOHN LESINSKI.
AUGUSTINE B. KELLEY.

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SUMMARY

We have carefully examined the majority's report in the light of experience thus far under the Labor-Management Relations Act of 1947. We find the report partisan in its approach and misleading in its findings. We find that the majority's conclusions are not warranted by the experience under the Taft-Hartley Act. Our analysis compels us to recommend the immediate repeal of the act to avoid the serious injury to our economy we foresee. We have outlined below some of the reasons for these conclusions.

The summary findings presented here are amply supported by the evidence appearing in the body of this report, with which they should be read for a full understanding of the situation.

1. The act has not resulted in a reduction in strikes. On the contrary, the act has already been the direct cause of work stoppages throughout the country. Moreover, through the encouragement offered to antiunion employers and through the justified suspicion and resentment engendered among wage earners, the act has laid the basis for industrial unrest.

2. The majority's conclusion that the act had not adversely affected wages fails to take into account a number of factors that shed a different light on the conclusion made by the majority. These include the fact that during the initial period of the act's operation workers have not fared as well as other segments of our population for wages have lagged behind the rise in the cost of living and behind the tremendous increase of profits earned by business.

3. Experience with restrictions on union security agreements has already revealed serious defects. These restrictions have resulted in widespread resort to "bootleg" contracts and they have created special problems in industries such as the maritime and building trades.

4. The tremendous number of union-shop elections has impaired the ability of the NLRB to discharge its functions; union-shop elections have resulted in an extravagant waste of taxpayers' money; and the results of union-shop elections thus far establish the fact that the American worker is not opposed to union security agreements as claimed by the sponsors of the act.

5. The increasing backlog of Board cases, which has reached a figure almost double the largest in the Board's history, is seriously delaying the expeditious settlement of disputes.

6. The existing sweeping prohibition against secondary boycotts is restricting legitimate trade-union activities. It compels unions to contribute to their self-destruction and bars them from taking effective action against secondary employers whose resources are being utilized to defeat union bargaining demands.

7. Immediate repeal of the prohibition against union political activity is necessary to prevent the continued invasion of constitutional rights.

8. A disturbing pattern is being created in the use of labor injunctions which fully justifies the conclusion that the era of Government by injunction is being revived.

9. The enlargement of the meaning of coercion to a point where it now includes legitimate trade-union activities confirms the fear that this provision, when applied to labor organizations, would provide a weapon for improper interference with labor's legitimate concerted activities.

10. The report of the majority intrudes dangerously on the executive and judicial powers.

11. The report of the majority intrudes unwisely on existing bargaining relations in a number of industrial plants.

12. A pattern has already evolved for harassing trade-unions by litigation.

80TH CONGRESS, 2d Session } SENATE { REPT. 986, Part 2

LABOR-MANAGEMENT RELATIONS

APRIL 1 (legislative day, MARCH 29), 1948.—Ordered to be printed

Mr. PEPPER, from the Joint Committee on Labor-Management Relations, submitted the following

MINORITY VIEWS

[Pursuant to sec. 401, of Public Law 101 (80th Cong.)]

A. INTRODUCTORY

During the consideration of the Taft-Hartley bill in the first session of the Eightieth Congress, members of the minority repeatedly voiced their concern over the impact which that bill, if enacted into law, would eventually have on labor-management relations and on the economy of the country as a whole. We stated that the bill contained "many barriers, traps, and pitfalls that can only make more difficult the settlement of disputes." We pointed out that its principal results would be "to create misunderstanding and conflict, and to aggravate the unbalance between wages, prices, and profits which already endangers our prosperity."

We also declared that while preaching economy, the majority would enormously increase the size of the Federal establishment devoted to the handling of labor problems; while denouncing bureaucracy, the majority would in effect set up two new independent agencies within the executive branch of the Government, while they decry Federal intervention in local offices, the majority would transfer from State and local authority to the Federal Government matters traditionally left to State action.

In opposing the Labor-Management Relations Act, we should like to make it clear that we were not only concerned about the rights and welfare of the 60,000,000 wage earners of the country. We opposed the act because we were troubled by its probable impact upon the economy as a whole. The shopkeeper, the small-businessmen in each community fully appreciate the extent to which their continued prosperity is dependent upon industrial peace in their communities and upon the payment of a living wage to their customers. Farmers know that they must depend upon the wage earner

★S. Rept. 986, 80-2, pt. 2——2

to purchase the bulk of their produce. Indeed, the economy of the whole country is affected by the ability of labor to obtain a fair share of the national wealth for its services. This ability, we believe, depends upon the wage earners' bargaining strength.

This basic economic fact is not new, although the framers of the Labor-Management Relations Act appear to have rejected it. The minority during the debate on the act during the last session of Congress repeatedly pointed out that the antiunion campaign after the First World War drastically reduced labor's bargaining power and its ability to obtain its proper share of the Nation's product. This played a large part in bringing about the 1929 depression.

It was thus because of our concern with the welfare of the whole country that we opposed the Labor-Management Relations Act. We believe a new start should be made in the field of labor legislation. When the full impact of the Labor-Management Relations Act is finally felt, the complete measure of the injury done to our domestic well-being by this retrogression in our national labor policy will become apparent to the American public. It is our hope that corrective action will be taken by the Congress before the restrictive provisions of this act can come into full play and bring about the harmful consequences to our economy we foresee.

Section 402 of the Labor-Management Relations Act vests the Joint Committee on Labor-Management Relations with the responsibility for conducting a study and investigation of the entire field of labor-management relations and to submit its first report to the Congress by March 15. This report has been submitted by the majority.

Because the objections to this report were of so serious a nature we could not, in good conscience, add our approval to that of the other members of the committee. We regret having had to make this decision for it was our hope, based upon the character of the statutory duty imposed upon the committee, that the report would be the kind of dispassionate and objective appraisal of labor-management problems necessary if the committee was to make any contribution to the formulation of a sound national labor-management policy. We do not find that this report is such an appraisal. We find on the contrary that the majority's report is partisan in its approach and misleading in its findings.

The proper discharge of the committee's duties, in our opinion, precluded the use of its report merely as a device for justifying the action of the Republican-led Congress in passing the Labor-Management Relations Act. Yet this is just the use which appears to have been made of the majority's report.

It is just such use of the report that has prevented unanimity in the committee and compelled our issuance of this minority report. We have taken this course of action because we are convinced that the sweeping character of the claims made by the majority in its summary of findings are unsupported by the limited experience under the act. We have taken this course of action because we believe that the majority has failed to present many of the problems arising from the operation of the act which should be brought to public attention. Incomplete or distorted reporting, however innocent of improper motive, can only serve to mislead the public and retard the making of necessary legislative changes.

We shall not burden the minority report at this point with instances of this character. One example, however, may serve as an illustration. On page 34 of its report the majority states:

> At each of its meetings with members of the National Labor Relations Board, the committee has solicited their opinions as to the need for corrective legislation. In the meeting held in March 1948, as well as in former meetings, the Board members have stated that to date no situation has arisen which, in their opinion, establishes the necessity for amendments.

On March 18, 1948, however, the Chairman of the Board in an address before the industrial relations conference of the United States Chamber of Commerce, stated as follows:

> At the end of the first half-year, the members of the National Labor Relations Board were asked how effectively they thought title I of the new statute was working in practice. There was only one honest answer possible: *It is too early to tell.* That is the answer the Board gave. [Emphasis supplied.]

It is our opinion that the character of the majority's conclusions may give rise to views which are not warranted by the experience under the Labor-Management Relations Act. It is our belief that the public welfare requires that such views be corrected and it is to that end that we submit this minority report.

B. Unjustified Claims by Majority

The first 6 months of the act's operation, which is the subject of this report, has been a period of exploration, a period in which the provisions of the act were being tried out. Only the foothills of the act have been traversed and these not completely. Sufficient time, therefore, has not elapsed to permit a conclusive over-all appraisal based upon experience of the real impact of the act's operation.

The difficulty of making a conclusive appraisal at this time has been further enhanced by a number of additional factors. Thus, the great bulk of collective-bargaining contracts were not open for wage discussions or other purposes during this 6-month period. Many of these will be opened or terminated in the spring and summer of this year. At that time the effect of the act's provisions upon collective bargaining can be more accurately evaluated.

The period between August 1947 and February 1948 has been one of high profits for business generally. This has served to deter employers from utilizing new provisions of the act against labor because of the risk of precipitating industrial disturbances and harming production.

Another factor which should not be overlooked is the fact that employers have been exhorted by such groups as the National Association of Manufacturers to use the law as little as possible.

In addition, the complications arising from the registration and affidavit requirements of the act resulted in a virtual cessation of the National Labor Board's operations during the months of September, October, and November 1947.

Moreover, the immediate effect of the act upon the day-to-day functioning of collective bargaining is difficult to evaluate in concrete terms because so many intangibles and imponderables are involved. However, labor organizations report that since the passage of the Labor-Management Relations Act, the process of organizing has become increasingly difficult, particularly in the South, because of employer resistance. In addition, there are indications that as a

result of the Labor-Management Relations Act, employer attitude in collective bargaining has stiffened with respect to legitimate demands by organized labor. These reports indicate that the immediate effect of the Labor-Management Relations Act has been to create an atmosphere and a psychology unfavorable both to organizational activities and to collective bargaining.

In view of these factors the conclusions suggested by the majority in its summary of findings are startling. The majority makes such broad assertions as "gains to the public welfare and the national economy," "growing stabilization in labor relations," "equitable adjustments of differences," "unbroken employment," "uninterrupted wages," "rising production," and "a growing volume of industrial activity." These claims cannot be justified on the basis of experience under the act. It is for this reason that the members of the minority feel it advisable at the outset of this report to examine some of the more important of the majority's findings in order to correct any erroneous impression of the act's alleged value that might have been given.

1. Effect of the act on strikes

The majority's finding that the Labor-Management Relations Act has brought about a decrease in the number of strikes is not supported by the evidence. The majority's conclusion is indeed startling in the face of current stoppages in the meat-packing and soft-coal industries. The majority itself recognizes the lack of substance to this finding for it states in the body of its report that no break-down is available to show the issues in strikes since August 22, 1947, and "without it any assessment of the values of the act in preventing strikes can be only speculative." This comment, however, is buried in the body of the report and is in no way reflected in the majority's finding. The finding is thus obviously misleading.

Equally misleading is the majority's statement in its summary of findings that the 60-day-notice requirement and the more "equitable" balancing of rights of employers and employees are serving with growing effectiveness in discouraging strikes and controversial work stoppages. In fact, the majority contradicts its own assertion, when, on page 32 of its report, it states:

> Whether or not the 60-day-notice requirements and general balancing of the rights of employers and employees provided in the act have also played a part in reducing the number of strikes *cannot be proven.* [Emphasis supplied.]

It is generally recognized by experts that such decline in strikes as occurred in the last third of 1947, is attributable to the following factors:

1. The usual seasonal decline in the number of strikes which has occurred every year since 1927, except 1940;
2. Many employers and unions hastened to get agreements signed before the act became effective in order to avoid upsetting satisfactory contractual arrangements;
3. Many employers and unions are cautiously sitting tight during the initial period of the act's operation; and
4. The tremendous profits made by business generally during 1947 served to discourage any action by employers which would have precipitated a strike and halted production.

The relationship of these factors to the strike figures utilized by the majority was a matter of common knowledge. Yet the majority

advanced the conclusion that strikes had decreased because of the act, a conclusion not only not supported by experience under the act, but in direct contradiction to the known facts. The failure of the majority to state these facts can only serve to lend weight to the accusation that the majority has used its report for partisan political purposes.

It should be noted, too, that it is well sometimes to look behind the statistics in order to evaluate their real significance. The figures given in the majority report on "wildcat" strikes at the Ford Co. will serve as an illustration. On page 34, in that portion which discusses suits under the act, the majority makes the following statement:

> The legislative history of this section [section 301] points out a desire that labor organizations assume more responsibility for their conduct, and take action to prevent unauthorized or "wildcat" strikes. That the provision has had that desired effect is dramatically illustrated by reference to statistics of the Ford Motor Car Co. From January 1, to August 22, 1947, there were 33,495 man-days lost in "wildcat" stoppages. During the remainder of the date, only 304 man-days were lost.

The majority thus attributes the substantial differences between these two figures to the alleged beneficent effect of section 301. What are the facts?

The figure 33,799 man-days, which is the total of the two figures cited by the majority, represents 270,395 man-hours lost at the Ford plant during 1947. It should be noted, however, that of this total, 202,876 man-hours, or the bulk of the total amount lost, were lost as the result of the Cadillac Square rally held in Detroit on April 24, 1947, to protest the passage of the act. This stoppage, although occurring prior to August 22, is thus directly attributable to the Labor-Management Relations Act.

This fact obviously throws an entirely different light on the statistics cited by the majority. Moreover, the major portion, or 54,671 man-hours, of the remaining time lost resulted from stoppages after August 22. This compares with the total of 12,848 man-hours lost between January 1 and August 22.

The work stoppage figures at the Ford Co., thus reveal, contrary to the majority's conclusion, that the Labor-Management Relations Act has had the effect of increasing work stoppages.

2. The act and wages

On page 3 of its report the majority finds:

> Wages, either in average hourly earnings or in over-all "take home" pay, have not suffered through operation of any of the law's provisions, and such reductions as have taken place are attributable to economic reasons and production demands. The Bureau of Labor Statistics reveals that hourly earnings of all industrial workers increased in monthly progressives from $1.236 in August to $1.277 in December.

The majority's statement seems to be an effort to convince the public that the act has not and will not impair labor's collective-bargaining strength.

The committee's statement needs elaboration.

Hourly earnings cannot be evaluated standing alone. The data mean nothing by themselves. They must be related to, and examined in, the context of the economic conditions of which they are a part.

The Labor-Management Relations Act went into effect on August 22, 1947. From August 1947 to date, industry has enjoyed the most prosperous period ever recorded in peacetime.

The business outlook, at the time the act went into effect, was characterized by a huge unsatisfied demand, a large volume of savings to make that demand effective, and an economy free from price controls. With the outlook for profits exceptionally good, provided that production continued uninterrupted and at high levels, it is evident that during such a period employers would not risk the impairment of the prospective profit harvest by attempting to use the act against labor unions.

The best illustration of why management has been as yet unwilling to force a test of the act, and risk the shut-downs that would ensue, is afforded by an examination of 1946 and 1947 profit records for 400 large manufacturing corporations, as reported by the National City Bank of New York.

Net income after taxes of 400 large manufacturing corporations

	1946	1947	Percent change
March quarter	$267,304,000	$881,528,000	+230
June quarter	558,683,000	876,637,000	+57
September quarter	673,423,000	885,941,000	+32
December quarter	880,492,000	[1] 950,000,000	+8
Total	2,379,902,000	3,594,106,000	+51

[1] Preliminary.

In appraising this record the National City Bank stated: [1]

> Annual reports now being published for 1947 reflect a banner year for earnings in manufacturing industries * * * [and] * * * business [in 1947], having largely completed its reconversion job, was in a position to go to town * * *"

Thus at a time when industry was in a position to "go to town," relatively insignificant wage adjustments as compared with the profit outlook, would not be expected to be resisted. In addition, pressure arising from the steady rise in living costs, together with the fact that manpower shortages still prevailed in many of the major labor market areas were important factors influencing the rise in factory workers' average hourly earnings.

In view of these conditions, it would be unlikely that wage rates would have declined, and it hardly can be held that the period covered by the committee's report was one which afforded a test of the act's impact upon wages.

Nevertheless we believe that an examination of selected economic indicators for the comparable 5-month period in 1946 and 1947 suggests that a psychological impact arising from the mere existence of the act may have been operative. For example, although the increase in average hourly earnings between August and December for 1946 and 1947 remained virtually the same—3 percent; corporate profits after taxes, at seasonally adjusted annual rates, rose from $13.5 billions in the third quarter of 1946 to $17.1 billions in the third quarter of 1947—an increase of 27 percent; and from $16.1 billions in the fourth quarter of 1946 to an estimated $17.1 billions in fourth quarter 1947—an increase of 6 percent.

Moreover, during the first 5 months of the act's operation, the increase in factory workers' average hourly earnings lagged behind

[1] Monthly Letter, March 1948

the rise in living costs. The sharp contrast between the relative wage-price change and the substantial increase in corporate profits after taxes for the comparable 5-month period in 1946 and 1947, is revealed in the following tables:

TABLE I.—*Profits after taxes all private corporations*

[Billions of dollars]

Period	Seasonally adjusted annual rates	Percent change, 1946 to 1947
1946:		
Third quarter	$13.5	
Fourth quarter	16.1	
1947:		
Third quarter	17.1	+27
Fourth quarter [1]	17.1	+6

[1] Estimated. See Survey of Current Business, February 1948, p. 7.

Source: U. S. Department of Commerce.

TABLE II.—*Average hourly earnings in manufacturing industries*

Month	1946 (before Taft-Hartley)	1947 (after Taft-Hartley)
August	$1.112	$1.236
September	1.126	1.249
October	1.130	1.257
November	1.139	1.268
December	1.148	1.277
Percent change, August to December	+3.2	+3.3

Source: U. S. Department of Labor, Bureau of Labor Statistics.

TABLE III.—*BLS consumers' price index—August–December 1947*

[1935–39=100]

Month	Index
August	160.3
September	163.8
October	163.8
November	164.9
December	167.0
Percent change, August to December	+4.2

SOURCE: U. S. Department of Labor, Bureau of Labor Statistics.

The economic situation during the first 6 months of the act's operation, therefore, has been such as to postpone any test of its effect on wages. When the backlogs have been worked off, when effective demand begins to show signs of weakness, and take-home pay begins to decline, then the true test of the act will be provided. Then will the impact on labor's bargaining strength become apparent.

3. Union security agreements

Section 8 (a) (3) of the act abolishes the closed shop and permits union shop agreements only if a majority of the employees in the appropriate bargaining unit vote by secret ballot to authorize their representative to negotiate an agreement.

In the brief span of time that the act has been in operation there are few provisions which have caused so many problems and created so much confusion as the restrictions imposed by this section. This result was anticipated.

When these provisions were being considered by the Congress, we stated that the proposed restrictions disregarded the expert testimony which emphasized the stabilizing influences of union security arrangements upon labor relations; that the provisions would require revision of union security arrangements based upon the closed-shop principle for nearly a third of all workers covered by collective agreements; and that contracts for 77 percent of all employees covered by collective bargaining agreements would be affected.

We voiced concern over the inevitable burden which would be placed upon the National Labor Relations Board. In this connection we pointed out that there were some twenty to thirty thousand collective bargaining agreements then in effect containing union security provisions; and that the Labor Board would be called upon to poll millions of workers when these agreements terminated. This tremendous administrative burden, we declared, would eventually seriously impair the Board's ability to discharge its functions.

Even the limited experience thus far respecting the union security provision of the act has confirmed many of the views expressed by the members of the minority. The impact of these provisions is graphically portrayed in the following report from local 32B of the A. F. of L.'s Building Service International Union in New York:

> The experience of local 32B in attempting to comply with the provisions of the Taft-Hartley law demonstrates its absurdity in a stabilized industry like ours. All the contracts involved have provided for a closed shop since 1934. Both the owner associations and the individual owners have readily agreed to the closed shop each time the matter came up for discussion in the past. It worked to everybody's satisfaction. This time the union is compelled to secure supporting signatures to its petition. Instead of the required 30 percent, we secured just about 100 percent.
>
> Then our attorneys were compelled to prepare petitions for each separate building, except for those in the Midtown Realty Owners Association which agreed to form one unit. The petition was in quintuplicate and required hundreds of hours of clerical work. Each owner is being required to execute new sets of forms, and to produce pay-roll records, etc. The election will require an elaborate set-up of watchers, talliers, clerks, etc. Then, we will all wait for the results and certification of elections, and all the rigmarole that that entails.
>
> We are informed that so far as the Board is concerned, it is going to take considerable time even to docket our cases, let alone bring them to a conclusion. In the meantime, negotiations are stalled with no contract in existence, with the ever-present danger of a flare-up resulting in work stoppages. If an agreement is finally reached, it will undoubtedly require retroactive pay increases for the period that this bureaucratic juggernaut lumbers along.

This experience undoubtedly has its parallel in thousands of other cases. It is no wonder that bootleg contracts have become the fashion. These contracts incorporate union security provisions without regard to restrictions of the act. The widespread existence of these contracts is a matter of common knowledge. We, therefore, cannot accept the majority's summary dismissal of the problem.

The proper performance of the committee's duties warranted an extensive investigation in order to ascertain the extent to which such contracts have been resorted to, and what is more important, the reasons which prompted their use. The indications are that both the employers and unions have voluntarily acceded to this type of procedure in order to avoid disturbing arrangements which have developed and proved satisfactory over a period of years.

We do not condone any evasions which have occurred; we condemn them. But if they have been resorted to by employers and unions as widely as has been reported, congressional reevaluation of the statutory restrictions appears to be in order. Bad laws, as past experience has amply shown, result in subterfuge and evasion.

We are concerned, too, with the special problem created by these restrictions in such industries as the maritime industries. The situation confronting the longshoreman will serve as an example. The term of employment of a longshoreman with any one employer is generally only a few days' duration, but the Labor-Management Relations Act prohibits any agreement which requires an employee to become a union member before 30 days after the beginning of his employment. The extent to which stevedoring operations can be performed without even running into a requirement for union membership is therefore obvious. The seamen and building-trades workers present essentially the same problem of short-term employment and high turn-over from one employer to another. The impact of the act's restrictions on employees in these arrangements has thus given rise to a special problem which requires committee consideration.

The union-shop provisions of the act, in addition, have had a serious effect upon the over-all operations of the National Labor Relations Act. As we predicted, the number of union-shop elections has reached tremendous proportions. The following table will indicate the rapid increase in such cases during the first 6 months of the act's operation:

Month:	*Petitions filed for union-shop elections*
September	10
October	141
November	600
December	1,347
January	2,119
February (approximate)	3,500
6-month total	7,717

And the end is not in sight. The Board estimates that in the fiscal year from July 1948 through June 1949, the amazing total of 30,000 petitions for union-shop elections will be filed. The amount of work and expense involved in such elections is illustrated by the elections planned in the building construction industry. Elections in this industry alone will involve the polling of approximately 2½ million employees and, it is estimated, will cost in excess of $1,000,000.

The proposed elections in the building construction industry will be restricted to employees who have been traditionally covered by closed-shop provisions. Because of this fact, there is little doubt that the elections, if held, will result in an overwhelming endorsement of union-shop provision. The elections, therefore, serve no useful purpose and involve an extravagant waste of the taxpayers' money.

It should be noted, too, that the Labor-Management Relations Act does not require an employer to enter into a union-shop agreement even after an election has been held. Employers have already refused to accept a union-shop agreement even though it has won the endorsement of the bulk of the employees. An example of such a situation is one involving local 205 of the Office Employees International Union in New York City. Despite the fact that this union won a union-shop election among the employees of the New York Stock Exchange by a vote of 691 to 67, and among the employees of the New York Curb Exchange by a vote of 178 to 12, the stock exchange

and the curb exchange have refused to agree to the provision. This situation may have its parallel in elections involving hundreds of thousands of employees. Obviously, this also is an unnecessary expenditure of public funds.

The tremendous number of these cases has already had a noticeable effect upon the work of the Labor Board as a whole. Between August 22, 1947, and February 29, 1948, the NLRB's backlog of cases rose from 3,933 to 9,500, the largest in the Board's history. And the problem promises to become even more accute in the coming months with the mounting volume of union-shop election cases.

While union-shop election cases do not ordinarily come before the Board itself, they do affect the work of the regional offices. And it is here that the bulk of the administration of the act takes place. We of the minority are concerned with this problem and feel that some effort should be made to find a solution.

Special note, too, should be taken of the outcome of union-shop elections thus far conducted by the Labor Board. We consider this experience of significance because of the position taken by sponsors of the provisions in question at the time they were being considered by the Congress. These sponsors argued then that the present restrictions were necessary because the average American worker was opposed to any form of so-called compulsory union membership.

What, however, has been the experience with these elections? Have the views expressed by the act's sponsors been confirmed? In the first 5 months of the act's operation, unions won all but one-half of 1 percent of all the union-shop elections conducted by the Board. What is equally significant is that the vote in favor of union-shop agreements in all such elections averaged over 90 percent. These results indicate that the attitude of the American worker toward union-security agreements was misgaged.

4. The act and the settlement of disputes

The majority finds that the "settlement of disputes, and the expeditious adjustment of differences, has been facilitated in every instance coming to the attention of the committee." The basis for this assertion is not detailed.

We feel that it overlooks the serious situation confronting the Labor Board due to the rapid accumulation of a tremendous backlog of cases. It has been pointed out above that in the period, August 22, 1947, to February 29, 1948, the Board's backlog rose from 3,933 to 9,500, the highest in its history.

The steady increase in this backlog since August is shown in the following table:

Date	*Cases pendin*
Aug. 22, 1947	3, 933
Sept. 30, 1947	4, 036
Oct. 31, 1947	4, 635
Nov. 30, 1947	5, 219
Dec. 31, 1947	5, 833
Jan. 31, 1948	7, 237
Feb. 29, 1948	9, 500

This backlog has accumulated despite the fact that except for the first few months of its experience under the act the Labor Board disposed of more cases per month than it disposed of in an average month prior to the amendments. In December 1947 and in January 1948, for example, the Board disposed of 1,432 and 1,566 cases, respectively.

This compared with an average of 1,205 per month during the fiscal year July 1946 through June 1947.

The Board's increasing backlog reflects the tremendous influx of cases since August 22, 1947. Here is the record:

Month:	*Total number of cases filed*
Aug. 22–Sept. 30, 1947	611
October	964
November	1, 382
December	2, 064
January	3, 008
February	4, 500
6-month total	12, 529

The number of cases filed, respectively, in December, January, and February had never before been equaled in the 12-year history of the Board.

The Board expects that its case load will continue to increase during the next several months and estimates that during the fiscal year July 1948 through June 1949, it will receive the astounding total of about 60,000 cases, or an average of 5,000 cases per month.

The Board's abnormally large case load is directly the result of the Labor-Management Relations Act. Of the 8,029 cases received between August 22, 1947, and February 29, 1948, by far the vast majority arose under new sections of the law.

Not only has the volume of the Board's work increased because of the new types of cases arising under the amendments to the act, but the Board is also handling more cases than ever before because of its broadened jurisdiction. This results, in part, from the proviso which has been added to section 10 (a) of the act.

Formerly, the Board declined to assert jurisdiction over employees engaged in activities having only a limited effect upon interstate commerce, although technically its statutory jurisdiction may have covered such activities. Instead, the Board chose not to assert jurisdiction so that State boards could handle such disputes having only a limited effect on interstate commerce. Now, however, section 10 (a) of the act permits the Board to cede jurisdiction to a State board only if the State law conforms to the Taft-Hartley Act, and thus far no State appears to have such a law.

Furthermore, the provisions of sections 10 (h) (jurisdictional disputes) and (l) (mandatory injunctions) apparently make certain Board action mandatory if charges are filed. Under the provisions of these sections, if the Board has statutory jurisdiction, it is not free to decline to exercise such jurisdiction because of policy considerations. For example, under the Wagner Act the Board did not assume jurisdiction over the building and construction industry, but under the Labor-Management Relations Act the Board apparently is required to exercise its jurisdiction.

We point to these problems because they reflect one of the most serious defects in the Labor-Management Relations Act. During the last session of Congress we repeatedly voiced our concern over the increase in the Board's case load which would inevitably result from the proposed changes in existing labor law. The volume of litigation we foresaw would preclude the prompt handling of cases by the Board. The majority itself states that—

speed is of the essence in the determination of labor controversies. Delay in case handling tends to encourage use of self-help by the litigants which may take the form of strikes.

The actual impact of these delays is indicated by the following incident reported by one of the labor organizations:

A group of workers from a plant located in Atlanta, Ga., employing approximately 1,000 persons began efforts to organize a union. The initial meeting, it is reported, was attended by a substantial number of employees who evidenced considerable interest.

The report continues:

The next day the manager of the plant called a meeting, and told the workers if they insisted on forming a union he would import 500 workers from other States to take their place. His next move was to arbitrarily fire some 40 men who had been most active in behalf of the union. The next meeting of the union was attended by only a handful—and the embryo union was smashed.

Unfair labor charges were filed with the NLRB, but no hearing on the charges can be obtained for many months. In the meantime, honest, decent American citizens are out of work and those remaining in the plant are completely cowed and must refrain from even thinking about a union if they would hold their jobs.

We cite this report at length because we feel it is important to realize the effect of these delays in terms of the individuals involved. Generalizations sometimes fail to convey the hardships they must undergo.

Employers as well as labor organizations are vitally interested in this problem. Delayed determinations of such matters as questions concerning representation can only result in industrial unrest.

The Board reports that it intends doubling its staff by the end of the present fiscal year. However, this is only a partial solution. The Board itself is required by statute to perform certain functions, including the deciding of cases. Parallel duties are imposed upon the general counsel's office. There is a limit to the number of cases which the Board can handle, as well as the general counsel's office, regardless of the size of the increase in personnel.

The Board itself recognizes the problem. The Board's chairman recently observed:

Despite these encouraging developments, there is still a limit to what five men can do, because they are precluded by conscience as well as by statute from delegating their judicial functions beyond a certain point. Short cuts are desirable; so is careful Board consideration of the contentions of the parties to every case. The need for both creates the dilemma that faces us. Unfortunately, we must share that dilemma with American employers and labor organizations, for they are the victims of the Board's delays. We will welcome any solution, whatever the source; candor requires me to say that we have not yet found a satisfactory one ourselves.

The majority in its report merely recommends to the Board "that it explore a number of possibilities which may serve to reduce the backlog of cases." This recommendation, however, overlooks the basic cause for this state of affairs: The tremendous increase in the number of cases resulting from the changes made by the Labor-Management Relations Act itself. No administrative agency can properly and efficiently deal with this problem, nor should it be expected to by the Congress.

5. Secondary boycotts

The majority includes in its Summary of Findings a statement that "the number of secondary boycotts are steadily decreasing." The majority does not detail any evidence to support this assertion and we are not, therefore, in a position to evaluate it.

However, the majority's finding and its discussion of the problem in the body of its report overlooks the basic issue posed by this prohibition of the act—whether the sweeping prohibition against secondary boycotts has been justified by the experience thus far under the Labor-Management Relations Act. In this connection, it should be noted that the members of the minority recognized the need for regulating certain types of secondary boycotts. We opposed the present provision of the act, however, because it would prohibit all types of secondary boycotts without attempting to exclude those which were justified.

As President Truman said in his state of the Union message in January 1947, prior to the enactment of the act:

Not all secondary boycotts are unjustified. We must judge them on the basis of their objectives. For example, boycotts intended to protect wage rates and working conditions should be distinguished from those in furtherance of jurisdictional disputes. The structure of industry sometimes requires unions, as a matter of self-preservation, to extend the conflict beyond a particular employer. There should be no blanket prohibition against boycotts. The appropriate goal is legislation which prohibits secondary boycotts in pursuance of unjustified objectives, but does not impair the union's right to preserve its own existence and the gains in genuine collective bargaining.

We again assert that the blanket prohibitions against all secondary picketing or secondary boycotting are in no way justified. For example, self-preservation sometimes requires a union to take action against a third party whose services are being used to break its strike and who, therefore, is not, strictly speaking, a neutral.

An example of this type of situation is contained in the recent decision issued by the New York Federal District Court in *Douds* v. *Metropolitan Architects*, (21 L. R. R. M. 2256, decided Jan. 26, 1948). This case reveals the danger of dealing with so complicated a problem as secondary boycotts through general legislation. The respondent union had called a strike against Ebasco Services, Inc., an engineering service company. For about a year, Ebasco had been subcontracting a part of its work to the Project Engineering Co. After the strike broke out, however, Ebasco turned over to Project Engineering for completion a much larger volume of work. The union threw a picket line around the Project plant in order to persuade the company to cease accepting work from Ebasco.

The court refused to grant an injunction on the ground that Project Engineering was not an innocent third party but was allied to Ebasco to such an extent that it was a real question whether the Project's employees were not to all intents and purposes employees o. Ebasco and under the circumstances acting as strikebreakers.

The majority report, without expressly saying so, seems to approve of this decision. But the fact is that the issue presented in the case is at best a close one and the result is entirely a matter of court interpretation. Other courts might come to a different conclusion. It should be noted, too, that although the court denied the application for a temporary injunction, the general counsel has continued administrative proceedings.

Another situation which has arisen under the act presents a different aspect of the same problem. An example of this second type of situation is one which recently confronted the International Association of Machinists. That union was engaged in a strike at a large steel mill. The mill in order to avoid the economic consequences of the strike contracted out its work to four other shops which were under

agreement with the machinists. Because of the act's prohibition against secondary boycotts, the union's members in the four shops were required to work on the struck work. The effect of the prohibition in this situation was to compel the union's own members to lend support to the employer in breaking the strike.

This problem is widespread, and the members of the minority feel that the committee and the Congress should take appropriate steps to remedy the situation. No union should be compelled by law to contribute to its self-destruction. As Justices Holmes and Brandeis stated in their dissent in the Duplex Printing Co. case:

> Courts, with better appreciation of the facts of industry, recognized the unit of interest throughout the union, and that in refusing to work on materials which threatened it the union was only refusing to aid in destroying itself.

6. Union and employer unfair-labor practices

The majority states that unfair-labor practices charges against employers filed with the NLRB under the National Labor Relations Act are far in excess of similar charges filed against unions. The majority concludes from this that the protection of employees' rights guaranteed in the National Labor Relations Act was not weakened in any respect by the Labor-Management Relations Act.

Initially, it should be observed that the figures cited by the majority do not reflect the actual situation, for delayed union compliance with the act's filing requirements makes the number of unfair labor practice charges filed against employers appear much larger than it really is because many individual employees have filed separate charges in situations where they would normally have pooled them in a single charge filed by a union representative. This is reflected in a recent report issued by the NLRB covering the 6-month period ending February 29, 1948. The Board there points out that the 1,550 charges filed against employers represent 1,121 actual cases, because in 429 instances parallel charges were filed by different individual employees against the same employer.

The majority also fails to take account of special factors tending to reduce the number of unfair labor practices filed against unions. These have been cited in connection with another section of this minority report. They include the continued exhortation to employers by such industry groups as the National Association of Manufacturers to go slow in the use of the act, and the favorable profit position of business generally which has made employers reluctant to take any action which might disturb existing bargaining relations and halt production.

In any event, it is important to note that the number of charges filed is not necessarily significant. Under the National Labor Relations Act, the responsibility for the prosecution of such charges rests with the Board's general counsel. The important thing, therefore, is whether a complaint is issued by the general counsel.

During the first 6 months under the act, one-third more complaints were issued against unions than against employers, despite the fact that during the same period more than twice as many charges were filed against employers. The latest report of the Board shows that during this 6-month period 24 complaints against unions were issued by the general counsel as compared to 18 against employers.

We do not at this time know, although we have sought the answer, whether the explanation of this discrepancy lies in the nature of the

provisions of the act, or in the character of the administration given it by officials who are responsible, or in some other factor. We merely point to these facts to demonstrate the extent to which the conclusion advanced by the majority is unsupported by evidence.

C. RESTRICTIONS ON POLITICAL EXPENDITURES

On March 15, 1948, Federal District Judge Ben Moore declared the labor-management ban on union political action unconstitutional. The case in which the determination was made is referred to in the majority's report and arose out of the publication in the July 14, 1947, issue of the CIO News of an editorial signed by Philip Murray, president of the CIO, endorsing a candidate for congressional office.

In his decision, Judge Moore stated:

> I am of the opinion that the questioned portion of section 304 of the act is an unconstitutional abridgment of freedom of speech, freedom of the press, and freedom of assembly. At no time are these rights as vital as when they are exercised during, preceding, or following an election.
>
> If they were permitted only at times when they could have no effect in influencing public opinion, and denied at the very time and in relation to the very matters that are calculated to give the rights value, they would lose that precious character with which they have been clothed from the beginning of our national life.

Judge Moore's decision confirms the view we expressed when this provision was under consideration by the Congress. We then stated that this prohibition, particularly in the light of the interpretation given it by its sponsors, was an unconstitutional infringement of the rights of labor unions and their members. We declared that it was intended to prevent labor unions from participating effectively in political campaigns and to weaken the collective political strength of wage earners.

The defects of this provision have been widely recognized. President Truman, in his message vetoing the Labor-Management Relations Act, pointed out that this prohibition against political expenditures by unions was "a dangerous intrusion on free speech, unwarranted by any demonstration of need." Leading members of the Republican Party have also publicly criticized the measure.

Governor Warren of California has called for its repeal. Former Governor Harold E. Stassen recently declared that the provision is—

> a serious invasion of freedom—

and—

> newspapers published by unions should have inviolate the complete right of freedom of press to print anything they wish on any subject, including politics, limited only by the regular law of libel.

Even as early as last July, a little over 2 weeks after the act became law, Senator Aiken introduced an amendment striking out the prohibition against political expenditures. Senator Taft, also, has admitted that the provision might need "clarification."

In view of the general recognition of the defects of this provision, the failure of the majority to recommend immediate congressional action is inexcusable. The existence of a statute in itself, without prosecution in the courts, operates as a restraint on the conduct which it proscribes. This is so even where constitutional rights are involved. Few men will generally risk a statute's sanction to defend even such rights, for martyrdom is not a commonly sought for status.

It is this restraining effect of legislation which makes it essential that the Congress immediately correct a law which patently transgresses on constitutional rights. Union officials should not be required to run the risk of criminal penalties in their efforts to protect the exercise of their constitutional rights. The proper exercise of legislative power should not require private parties to assume this risk.

The members of the minority, therefore, urge that the Congress take immediate action to remove the objectionable restriction on union political activities.

D. Welfare Funds

It was our intention to comment on some of the problems arising from the provisions of the act regulating welfare funds; particularly as they affected the musician's union and the United Mine Workers. We shall, however, for the present abstain from any comment because of the impact which the statement of our views might have on the current controversy in the soft-coal industry.

We would commend this practice to the majority. Interference by the congressional committee in labor-management controversies at a time when efforts are being made to resolve the dispute can only irritate the parties and reduce the possibility of settlement. We feel, too, that such interference lays the committee open to the criticism that it is exerting its influence in behalf of one or the other of the parties.

We note that the committee chairman has seen fit to intervene in the current soft-coal dispute. We regret this action. The act created the Federal Mediation and Conciliation Service to deal with these problems. The committee's action can only make the performance of the mediator's duties more difficult.

E. Legislative Interference With Executive and Judicial Functions

We have heretofore referred to the duties defined for the joint committee on labor-management relations in sections 401, 402, and 403 of the act. The performance of these duties has involved close relation between the members of the committee and officials of the Government performing executive and judicial functions.

This close relation results from the obligation on the part of the committee to conduct "a thorough study and investigation of the entire field of labor-management relations," and its further obligation to report to the Congress as to the necessity for additional legislation in the field.

We have recognized the necessity for an extended review of labor-management relations. Indeed, during the last session of Congress, we submitted a bill to provide for such a study. However, we feel that the performance of the duties by the joint committee involves the risk that there may be an unwarranted and unconstitutional intrusion in the fields preserved by our Constitution for the executive and judicial power.

Close and frequent contact with officials in the other two branches of the Government lends itself to such improper intrusion. We do not say that such an intrusion has occurred; we merely point out the danger.

We raise the problem at this time because certain aspects of the majority report may be interpreted as effort on the part of the committee to extend legislative influence beyond constitutional limits. No doubt these aspects of the majority report are not so intended but we feel that despite the lack of improper motive the attention of the majority should be called to these aspects of their report so that there is no recurrence.

The problem which we raised, is particularly noticeable in the discussion in the report of the cases involving the International Typographical Union. The majority states in this portion of its report that—

> The action of this union (the ITU) in insisting on what appears to be a closed shop, now prohibited by the law, is most unfortunate.

This is followed by an exhortation to the union "to comply with the law." These statements taken together with the detailed presentation of the facts involved in the ITU case indicates a prejudgment on the part of the members of the majority of the issues now pending before the Labor Board and the courts.

The committee at the very outset of its operations, established the rule, which we believe a salutary one, that it would not intervene in matters which were in litigation. We believe that the majority's handling of the ITU cases constitutes in its effect, violation of this salutary rule. We deem this most unfortunate, particularly since the union is now bitterly contesting both before the Labor Board and courts the position which the majority takes.

The danger raised by the handling of the ITU case is that the committee's views which are given wide circulation and carry considerable weight, may exercise an improper influence upon the agencies and the courts which are called upon to determine the issues involved.

There are other portions of the report which may give rise to the same criticism. For example, the committee in its discussion of the rights of employees refers to two cases now pending before the Labor Board and concludes with the statement:

> Since both of these cases involve interpretation of one of the new provisions of the act, the committee will closely follow their conclusion by the Board.

and again on page 32 of its report discussion the problems raised by State laws concerning compulsory union membership, the committee says:

> the committee will follow closely the Board's decisions of these cases wherein its interpretation of section 14 (b) is involved. If the Board finds that legal construction requires acceptance of the view that takes no consideration of the State laws on compulsory union membership contracts, the committee may deem it advisable to recommend corrective amendments to the act.

As we have stated, we have no doubt these portions of the majority report are not intended to intrude into prohibited areas. However, they may, we feel, have that very effect.

We shall discuss another aspect of the same problem as it affects current labor-management disputes in our comments on the plant study reports.

F. Injunctions

The act contains two provisions on the subject of injunctions. The first, section 10 (j), authorizes the Board upon the issuance of a complaint to apply for appropriate temporary relief or a restraining order. The exercise of this power is discretionary and the relief may be sought against both employers and labor unions.

The second provision of the act on the subject of injunctions is section 10 (l). This section requires the Board in secondary-boycott cases and certain other cases against unions to petition a Federal district court for appropriate injunction relief. This procedure is mandatory and is initiated after investigation whenever the Board agent has reasonable cause to believe that a complaint should be issued.

It should be noted that the procedures provided in both of these sections are ancillary to administration proceedings before the Board, and are intended to secure a restraining order pending final adjudication of a case by the Board. This is an important consideration in appraising their danger to labor unions. Because such injunctions are issued before the final adjudication of a case, they lend themselves to the breaking of legitimate strikes and other activities. Ultimate victory for the union in the suit can only be a Pyrrhic victory once such activities are halted.

These two provisions were the subject of extensive debate during the last session of Congress. We opposed their enactment into law because we felt that their ultimate effect would be the reinstitution of government by injunctions. The history of the labor injunction is too sordid to leave any doubt as to the unacceptability to American labor of these provisions of the act.

Because of the serious threat to collective bargaining which these injunctions represent, we have followed the Board's injunction cases closely. During the first 6 months of the act's operation, the Board reports 13 petitions for injunctions were filed by regional directors; 1 against an employer and 12 against unions. Of the 13 petitions for injunctions, 2—1 against a union, and 1 against an employer—were sought under that provision of the law which gives the agency discretion whether or not to apply for an injunction. Eleven injunctions —against labor unions—were sought under the mandatory provisions.

There has been a recent tendency to include in the applications for injunctions under the mandatory provisions of the act applications for injunctions under the discretionary provision of the act as well. An instance of this practice is found in *Douds* v. *Local 294, International Brotherhood of Teamsters, AFL* (L. R. R. M. 2150, — F. Supp.). In addition to applying for a mandatory injunction under section 10 (l) to restrain a secondary boycott, the Board's counsel in this case also applied for an injunction under section 10 (j).

It would seem to us that resort to this procedure in this case is a violation of the general counsel's public assurance that section 10 (j) would be used—

> for emergency purposes and only where loss or damage or jeopardy to the safety and welfare of a large segment of the public would result if injunctive action were not taken.

We are concerned, too, about the use of this extraordinary weapon in the ITU case. We question whether in light of the standard set up by the general counsel and weighing the public interest as against the immediate impact upon the unions, this course of action was appropriate.

Another development which has grave implications is the position the general counsel's office has taken in several injunction proceedings which we feel seriously enhances the possibilities for harm of the two injunction sections. This position is that in such proceedings respondents may not offer evidence in denial or in explanation of evidence

produced by the Board to establish a prima facie case for relief. As the Board stated in a recent application:

> Accordingly, matters of defense and mere denials are not admissible in this proceeding where the only factual question before the court is solely whether petitioner shows probability that the charges in the complaint are supportable. Conflicts in evidence and other matters of defense are for the Board's consideration at the time it passes upon the unfair labor practices. (*Evans* v. *I. T. U.* (Federal District Court, Southern Ind.))

This is indeed a serious development. One court has already adopted the principle. (*Douds* v. *International Brotherhood of Teamsters, AFL*, (21 L. R. R. M. 2154, F. Supp. —).) In another case, against the United Mine Workers of America and involving the Sentry Coal Mining Co., however, the Federal district judge is reported to have declared that if the court accepted their position, the Board would soon be calling a Federal judge over the telephone and telling him to issue an injunction.

The development is an important one, and we feel that it should be brought to the attention of the Congress.

One other development has been a matter of great concern to us; that is the tendency of employers themselves to seek injunctions in the courts. We realize, of course, that sponsors of the act argued that this could not be done under the provisions of the act; that the Government alone could initiate such proceedings. We then pointed out that courts might rule differently on this issue. There are already a number of cases which confirm our forecast. See *Dixie Motor Coach Corp.* v. *Amalgamated, D. C., West Ark., 1947*, (21 L. R. R. M.—2193;) *J. Fred Schmidt Packing Co.* v. *Local Union 346*, (Court of Common Pleas, Franklin County, Ohio, December 17, 1947).)

The members of the minority are therefore convinced that a disturbing pattern is being created which fully justifies the conclusion that the era of government by injunction is being revived.

G. Extension of Concept of Coercion

Section 8 (b) (1) (A) of the act makes it an unfair labor practice for a labor organization or its agents to restrain or coerce employees in the exercise of the rights guaranteed in section 7. This latter section of the act guarantees to employees the right to bargain collectively and to engage in other concerted activities as well as the right to refrain from such activities.

Section 8 (b) (1) (A) has had a long history. It is one of the series of so-called equalizing amendments which were repeatedly and unsuccessfully pressed in Congress after the passage of the Wagner Act.

We opposed this amendment largely because we felt that labor organizations lacked the economic power of employers for purposes of coercion and because anything other than economic coercion could be policed by State and local laws. Moreover, we were convinced that such terms as "restraint" and "coercion," when applied to labor organizations, would provide a weapon for improper interference with labor's legitimate concerted activities.

These and other objections were met by the proponents and sponsors of the bill in a variety of ways. Thus, it was pointed out that fears with respect to the expansion of the meaning of "restraint" and "coercion" were groundless since the terms were merely intended to apply to such acts as physical interference with employees at the scene

of a labor dispute and to union threats of loss of employment. To reassure the fearful there was deleted from the definition of the unfair labor practice involved, the words "to interfere" because it was recognized that that phrase could readily constitute a dragnet.

An additional safeguard was pointed to in the fact that the act specifically protected the right to speak freely in labor matters. Furthermore, it was said that fears of unwarranted imputation of liability were groundless since the act made the prohibited conduct an unfair labor practice only "for a labor organization or its agents."

Because of this background, we are concerned over the interpretation which is now apparently being given to this section in a number of complaints which have been issued under the act. There is evidence that the offense of restraint or coercion is viewed as embracing peaceful and non-violent picketing. There is evidence that this portion of the act is viewed as a catch-all which may be used to interdict conduct not specifically prohibited elsewhere in the act. There is evidence that this section is viewed as restoring the so-called illegal purpose doctrine under which otherwise legal conduct is enjoined because of its allegedly illegal purpose.

The process whereby the restraint and coercion section of the act has been expanded appears from a number of cases, some of which are now in the complaint or hearing state, while others have been the subject of intermediate reports. In two cases, *Matter of Sunset Line & Twine Co.* (Case No. 20–CB–1), and *Matter of Perry Norvell Shoe Company* (Case No. 9–CB–3), a trial examiner has dismissed the complaints in their entirety. The intermediate reports in both cases, as well as the briefs filed by the Board, make it clear that it is the view of the general counsel's office that coercion and restraint mean something more than violent or coercive conduct on the picket line. These cases likewise make it clear that the general counsel's office has adopted a view which greatly enlarges the meaning of the term "agent" and threatens to establish union responsibility for the independent acts of its members.

Other cases showing the same trend of thought are the *Matter of Watson Company* (Case No. 10–CC–1), in which the trial examiner dismissed that portion of a complaint which charged a union with "economic coercion" where it peacefully picketed a store in order to unionize its employees, and a case involving the International Typographical Union in which the international is charged with "coercing" its own members to engage in an illegal course of conduct.

The dangers involved in this view of the law cannot be overstated. It is no answer to suggest that they may subsequently be corrected by the action of the Board or of the trial examiner. The mere issuance of a complaint, which after all rests upon a judgment that there is a substantial basis for believing that there is a violation of the law, exerts a tremendous effect upon the course of a labor dispute.

H. Plant Study Reports

The major portion of the majority's report is devoted to plant study reports. These reports cover seven companies: The Botany Mills, Passaic, N. J.; the B. F. Goodrich Co., Akron, Ohio; the Murray Corp., Detroit, Mich.; the R. J. Reynolds Co., Winston-Salem, N. C.; the George A. Hormel Co., Austin, Minn.; International Harvester Corp., Chicago, Ill.; and the Lincoln Electric Co., Cleveland, Ohio.

We should like to make special mention at this point of the Botany and Hormel studies. These studies disclose the existence of excellent bargaining relationships. The significant thing about these relationships is that they were achieved without the benefit of the Labor-Management Relations Act.

We mention this point because we believe that the Congress in passing the Labor-Management Relations Act overlooked the fact that the Botany and Hormel achievements are not isolated instances of good labor-management relations but are far more typical in unionized establishments in various industries than are the "case studies" derogatory to labor that were used to justify the restrictive provisions of the act.

It is regrettable that the sponsors of the Labor-Management Relations Act were not swayed by this fact. It is regrettable that the result has been the enactment of a law which can ultimately disturb many of these satisfactory relationships which have been built up carefully over a period of years. The air of amazement which pervades the Botany and Hormel studies indicates a lack of familiarity with the facts of industrial life in America.

The majority describes the procedure in making these studies as follows:

> In each case, these reports were prepared initially by committee staff members after appropriate research followed by personal consultation with company and union leaders. After review by the committee, the tentative reports were submitted to the union and company officials involved and their comments and criticisms obtained. Wherever necessary for the sake of factual accuracy or fair and impartial appraisal, appropriate revisions were made in the reports. The studies included in the appendix are those in which the committee has had the benefit of review and criticism of both parties. Every effort has been made to reflect the unprejudiced, open-minded, and impartial attitude with which the studies were approached. Statements of opinion and evaluation were unavoidable in the presentation of an intelligent analysis, and for these the staff members who conducted the studies must accept responsibility.

We have carefully studied these reports and find them uneven in quality, accuracy, and objectivity. A number of these studies are subject to serious objections because they fall short of standards which we believe must be followed.

The matter is of grave concern. Inaccurate or biased statements may have the effect of irritating existing bargaining relations. We do not believe a committee report should be of the kind to give rise to such irritation.

An example of one such report is that dealing with the Murray Body Corp. This report contains statements and makes omissions which are damaging to the existing bargaining agent, the UAW-CIO, which we feel should be brought to the attention of the Congress. A few examples will serve to illustrate the point.

In the sections entitled "The 1947 Strike" and "Influence of the International," the report seeks to establish that the sole issue of the

1947 strike was the demand of the union for an immunity clause which would relieve it and union members of liability for damages under the act; that the strike was called by the union without the membership having voted on whether or not to strike on that issue; and that the strike was dictated by the international and was a product of a factional fight then existing between certain officers of the international.

The union states, and this appears to be the fact, that at the time the strike was called on July 23, none of the issues, including wages, had been settled or agreed upon in negotiations which had begun on and continued since April 1, 1947. The report states that before May 24, the date on which the membership had voted to authorize the strike, the company had removed the wage issue by an offer to increase wages "in accordance with the industry pattern." This meant an increase of 11½ cents an hour and six paid holidays, which had been the wage settlement at General Motors and Chrysler in April.

The report, however, fails to say that the demand of the Murray Body workers was for a straight 15-cents-an-hour increase plus the adjustment of certain inequities. The report also fails to say that the final settlement of the strike included a straight 15-cents-an-hour wage increase plus additional wage adjustments that averaged 6.3 cents an hour, a total of 21.3 cents an hour.

The terms of the strike settlement themselves thus seem to disapprove the assertion that the strike was called solely on the immunity-clause issue and that the workers had not voted to authorize a strike on the issues for which the strike was called.

We are not passing judgment on these facts. We merely feel that objective treatment required the presentation of the union's position in the matter and the avoidance of a conclusion which could only be construed as disparaging to the union.

As an indication of the "influence of the international union," the report refers to the participation in the negotiations by Walter Reuther, international president, and Emil Mazey, a member of the executive board. The union contends, and we think its position should have been presented, that Mr. Reuther participated only as a substitute for Mr. Mazey during a period when Mr. Mazey was out of the city. Moreover, the union states, it is not extraordinary for an executive-board member to participate in important negotiations. Mr. Mazey was then the executive-board member from the region which includes the Murray Body Corp. It was part of his responsibility to participate in the negotiations if asked to by the local union. The union declares that the invitation to do so had been extended.

The union makes the charge that the position presented in the majority's report was that adopted by the company in its effort to break the strike. The union contends that during the strike, the company, in an effort to demoralize the strikers, stated that the sole issue was the "immunity" clause and wages and other issues were not in dispute. This is a serious charge and warrants investigation by the committee. It would indeed be unfortunate if these plant study reports present management's position alone on controversial issues. The effect can only be to damage the standing of the bargaining representative and breed resentment.

Another instance of inaccurate and unobjective reporting is found in the study of the R. J. Reynolds Co. We have included in the appendix a letter from Philip Murray, president of the CIO, criticizing this report. (See appendix A.) We have studied the report and the criticism. We feel that many of the objections are well taken. We are disturbed by the procedure which apparently has been followed. Representatives of the company, it seems, were freely consulted in the investigation that preceded the drafting of the report and their version of controversial issues accepted without too much question. Union representatives, however, were not consulted until the report was completed. This procedure obviously did not give the union representatives an adequate opportunity to have their views reflected in the report.

The report indicates an anti-Negro bias and a lack of sympathy for the union's point of view. Industrial relations in this company are obviously in a precarious state. Moreover, the current collective bargaining agreement will expire on May 1. There is, therefore, particular danger that a report such as the one here involved will create industrial unrest. Intervention by a Congressional committee which has the effect of discrediting one of the parties and lending support to the other should be avoided. We feel that the content and tone of the report can only serve to aggravate existing conditions. The character of the report is such as to make it in effect an unwarranted and unfortunate intrusion in labor-management relations.

We are also concerned with the position apparently taken in the Reynolds report that a labor organization which opposes the Taft-Hartley Act should not make legitimate efforts towards seeking its repeal. It is our understanding that the Constitution guarantees the American people that right and that the guarantee extends to labor organizations and their members just as to other groups of citizens.

We have included also in the appendix a letter from George P. Bass, president of local 5 of the United Rubber, Cork, Linoleum, and Plastic Workers (CIO), to Senator Ball on the study covering conditions in the Goodrich plants. This communication indicates that sufficient regard was not given in the study to the union's position on the issues examined. For this reason, we include it in our report. (See Appendix B.)

We are greatly concerned, too, over the general approach which seems to characterize the plant studies included in the report. The general approach seems to be that of management's approach to the "labor problem." Emphasis is placed on such matters as production incentives, management personnel problems, and management prerogatives. The role of the union in obtaining improved working conditions and higher pay, when mentioned, is mentioned only in passing. The problems encountered by unions in dealing with the management are treated briefly as compared to the treatment accorded the problems facing management. No substantial effort has been made to develop the special problems of labor or the position of organized labor and the wage earner in our modern industrial economy. The reports have all the earmarks of studies in scientific management.

We hope that, if our impression is correct, this is not an extension of any philosophy underlying the Labor-Management Relations Act. As we understand it, that act still retains as a national policy the encouragement of collective bargaining. The achievement of this purpose must be based upon the full acceptance of collective bargaining and trade-unions, which are essential to collective bargaining, as an important part of our democratic society. It seems to us vital that

studies by the joint committee must be based upon an understanding and appreciation of labor's present status if they are to serve the Congress any real purpose.

We shall carefully examine any future studies with this principle in mind.

I. Conclusion

On page 34 of its report the majority states that early in December 1947, the committee issued a public statement inviting unions, employers, employees, and the public to bring to its attention any case of an inequity created by the new law. The majority reports that "there was no response to * * * [the] invitation."

This is indeed a surprising admission. It may be well for the majority to investigate the reason why there has been no response to its invitation. We do not suggest any explanation at this time, but perhaps the answer may be found in the character of the majority's report.

That real grievances exist there can be no doubt. We have referred to some: the use of "bootleg" contracts by employers and unions in order to avoid the impact of the act on existing satisfactory relations; the special problems in such industries as the maritime industry arising from the union security provisions of the act; the tremendous backlog of cases before the NLRB with its resultant delays; the fact that the secondary boycott provision of the act, in its effect, compels trade-unions to contribute to their own destruction; the disturbing pattern which is being evolved in the field of injunctions; the enlargement of the scope of the "coercion" provision of the act; the invasion of constitutional rights by the prohibition against union political activities; and others.

While many trade-unions have complied with the registration requirements of the act, they have stated that their doing so—

> in no ways compromises * * * [their] complete opposition to the provisions of the Labor-Management Relations Act, and * * * their determination to continue to fight for its outright repeal.[3]

The act has made necessary huge expenditures by trade-unions as well as employers and has created serious administrative problems.[4]

The act has encouraged the centralization of authority in trade-unions. This stems from the complexity of the act's provisions. Local officers are generally not equipped to deal with the difficult problems arising under the act and must, therefore, rely constantly on the advice of the international or national office.

Trade-unions cannot help but be disturbed by the pattern being evolved in the International Typographical Union cases. We are not here referring to the legal or factual issues presented by those cases. We refer rather to the experience of that union under the act.

Thus far, 18 charges have been filed against the ITU; 9 complaints issued; 4 administrative hearings held; 1 injunction suit filed; and 2 damage suits in the civil courts. It is not surprising, therefore, that since August 1947, the union has already had at least 8 strikes.

This is the treatment accorded under the act to a union which the majority refers to as one which "has long enjoyed public confidence by its record of winning gains for its members while maintaining peaceful relations with employers."

[3] See for example letter from Walter Reuther to Paul M. Herzog, appendix C.

[4] For a full appreciation of the impact of the act in terms of administration difficulties and expense, see statement of International Association of Machinists, appendix D

During the last session of Congress, we warned that, through the opportunities it provided for litigation, the act would become a weapon for harassing trade-unions. The pattern being evolved in the ITU cases demonstrates that our fears were not groundless.

The act has already had a substantial and disturbing impact upon collective bargaining although the extent is difficult to evaluate because of the many intangible factors involved. Employer resistance to legitimate demands has been encouraged; union resentment and suspicion have been engendered. These attitudes do not contribute to peaceful industrial relations. They must ultimately find expression in industrial conflicts unless the Congress takes measures to reverse the trend represented by the act.

At a time that the Justice Department reports that "the concentration of economic power in American industry today is at the highest point since the passage of the [Sherman Antitrust] Act" in 1890, it is indeed a travesty that the Congress should have passed an act to reduce the power of labor. At a time that industry is making the largest profits in peacetime, it is indeed revealing that the Congress should seek to reduce the power of labor at the bargaining table.

We have stated our belief—

> that any genuine concern for the economic welfare and future of America must be directed toward maintaining a free competitive economy and that Government intervention should be limited to guaranteeing this freedom and providing those services which the people require and which only the Government, as the instrument of all the people, can furnish. * * * [To] guarantee economic freedom and assure economic progress, Congress must face up to and remedy the enormous concentration of economic power now gripped by a few industrial and financial monopolies. Congress must further recognize that there are a number of services which our highly productive economy should provide and which can only be achieved through Federal action. Outstanding among these are health, housing, education, and social-security measures. It bodes ill for the welfare and prosperity of the Nation as a whole that these welfare measures and antimonopoly legislation are neglected while one-sided antilabor measures are advanced so forcefully by the majority.

These observations which we made during the last session of Congress are applicable with equal force to the present time.

We are convinced that, contrary to the contention of its sponsors, the act is intensifying in favor of management the preexisting imbalance at the bargaining table. We are convinced that the path to harmony between management and labor and to high production is free collective bargaining. A free collective bargaining system requires that labor be able to deal with management on equal terms. It requires that labor be able to obtain a fair share of industries' profits in order to maintain a decent and adequate standard of living for the American family.

The original Wagner Labor Relations Act sought to give labor that equality in bargaining power and that opportunity for a fair share in the proceeds of its industry. The Taft-Hartley Act would upset that equality.

We are convinced that the Taft-Hartley Act will defeat the attainment of these objectives and is, therefore, harmful to the national welfare. We, therefore, recommend that the act be repealed.

James E. Murray.
Claude Pepper.
John Lesinski.
Augustine B. Kelley.

APPENDIXES

APPENDIX A

MARCH 10, 1948.

Hon. JOSEPH H. BALL,
Chairman, Joint Committee on Labor-Management Relations,
Senate Office Building, Washington, D. C.

DEAR SENATOR BALL: The Labor-Management Relations Act, 1947, created a Joint Committee on Labor-Management Relations to conduct a study and investigation of the entire field of labor-management relations. Among other subjects, the committee is authorized to investigate "the means by which permanent friendly cooperation between employers and employees and stability of labor relations may be secured throughout the United States."

I am informed that a majority of the committee has submitted a report which contains a study made by two staff members of the committee on behalf of the committee dealing with the collective bargaining relationship between R. J. Reynolds Tobacco Co. and local 22, FTA-CIO.

I have examined this so-called plant study report and I am shocked by it.

This report is one-sided in its approach and wholly biased in its conclusions. The report suppresses fundamental facts with respect to the relationship between the company and the union. It rests upon completely unfounded assumptions. It ignores realities of industrial life familiar to every student of labor relations. It uncritically gives voice to unproved rumors and innuendoes which slur the union, its members and its leadership.

The report gives the false impression that the appearance of the union at the R. J. Reynolds plant brought to a close an idyllic relationship between the workers and the company and that the union has in no way contributed to the welfare of the employees.

The entire report is an apt reflection of the procedures and the approach which gave rise to it. At no point in the course of the investigation was the union given an opportunity to present its side of the picture. Nor was a responsible union official consulted with respect to the problems under investigation. Practically every evaluation which the report makes is based upon sources which are hostile to the union. At no point is the reader warned of the possible bias of the sources used in the report. Thus, all of the claims and charges of the company against the union are solemnly presented as fact. The claims and position of the independent union are likewise given a weighty status as well as those of the nonunion employees. I find nowhere in the report a comparable regard for the position of the union with respect to the controversial matters dealt with in the report.

Even a superficial attempt at objectivity and fairness would have eliminated some of the following misrepresentations, distortions, suppressions, and half truths which appear in the report.

1. The report implicitly justifies the occupational discrimination practiced by the company against Negroes. In so doing, the report ignores the repeated testimony of experts in the field that this discrimination is not justified by fact and that to condemn workers to low-paid jobs on the basis of color is neither sound Americanism nor scientific personnel practice. Moreover, the report ignores the fact that occupational discrimination is a part of a long-standing technique of division to defeat unionism among tobacco workers.

2. The report deliberately seeks to convey the impression that the union does not represent a majority of the employees. This effort to minimize the bargaining strength of the union is achieved in a variety of ways—all of them specious. Thus, the report in mentioning the fact that the union was certified by the Labor Board suppresses the fact that the union prevailed in a Labor Board election by a 2 to 1 vote. The results of the election about which the report is so eloquently silent were: CIO, 6,822; Reynolds Employees' Association, 3,175; no union, 301. These figures, as the reporters should know, represent a truly impressive expression of preference for the union.

The report likewise suppresses the fact that the company repeatedly sought to prevent the holding of the election by injunctions and other obstructive methods. A hasty glance at the files of the National Labor Relations Board would have revealed to the investigators that the election was conducted only after the most desperate attempts by the company to prevent it.

Similarly, the report makes every effort to cast doubt upon the extent of the union's present membership but solemnly accepts the claims of the independent association with respect to membership and with respect to its present status. The report pays fulsome tribute to the continued existence of the independent association but fails to note the fact that there is an outstanding court decree which was occasioned by support given to the association by the company and that today supervisory officials of the company are active sponsors of the association.

3. The portions of the report condemning the organizing activities of the union are shallow beyond belief. The suggestion that there is something somehow improper about the participation of the clergy in the organizational life of the community is an insult to the vitality of our churches and profoundly ignores the historic role of religion in furthering the efforts of working people for a better life.

Emphasis in the report upon the alleged violence of the union in organizing is not factual in its basis, maliciously seeks to convert the unrepresentative into the typical, and ignores the extent to which violence was either provoked or stimulated by the company.

4. The discussion of the strike engaged in by the union in May of 1947 irresponsibly, and without any basis in fact, is used to convey the impression that it was not a labor dispute at all but a disguised form of racial outbreak. Rarely have I encountered a discussion of a labor dispute which exhibits such a determination to ride a false thesis.

5. The so-called analysis of the present collective bargaining agreement betrays—unintentionally I believe—the complete identity of the reporters and the company, for this section of the report merely repeats the company's boast that the contract gives the employees nothing which they could not secure without a union. The entire interpretation of the agreement is, of course, the company's interpretation. No effort was made to obtain the union's version of the various provisions of the agreement.

6. In contrast to the reporters' gloomy view of the benefits obtained through the contract is their enthusiasm for the company's "labor policies outside the agreement." The report lists the various aspects of the company's paternalistic "welfare" program and in the time-honored manner of company-labor-relations apologists solemnly states that the program has been "rewarding, but costly."

The report nowhere asks the question which would occur to any objective investigator, "Why is it that the company has unilaterally instituted a program of sanitation, medical care, etc.—all subjects which by law are subject to the bargaining obligation, without the participation of the union?"

7. The section of the report dealing with the achievements of the local spurns such obviously relevant factors as the considerable wage gains achieved by the union. In an industry which is notorious for its speed-up the report, echoing the company, takes the union to task for resisting changes in production methods. This change distorts the basic issue, which is the union's persistent and justifiable demand that profits achieved through improvement in production methods be shared with the employees who are among the lowest paid in our economy—a fact which somehow eludes the consideration of the report.

The report contains a charge that the grievances filed by the union are ill-considered and frivolous and that the union is reprehensible because it insists upon taking its cases to arbitration. The suggestion is contained in the report that the company is a long-suffering victim of the employees' "frailties, eccentricities, and superstitions." How is this claim proved? This suggestion is based upon the most outrageous Negro-baiting and upon no less an objective source than the company's director of labor relations.

8. The fruits of this fantastically partisan survey appear in its conclusions. These conclusions condemn the union as an ineffective bargaining agent. In so doing the reporters are by no means animated by the conviction that the labor organization involved has been insufficiently aggressive. The conclusion is inescapable that the results of the activity of the union are condemned simply because they are offensive to the company.

Among the other "charges" leveled against the union is that the union has been active in resisting and opposing the Taft-Hartley law—a charge which reflects

more eloquently the attitude of the writers of the report than any comment upon it conceivably could.

Similarly, the efforts of the union to eliminate the occupational ghetto in which its members have been trapped for many years, an effort which should win the applause of all right-thinking Americans, are adduced as evidence of illegitimate activity.

Finally, the report finds somehow reprehensible the political activities of the union, particularly those which are addressed to achieving a more representative city government. I find nothing to condemn in the wholesome activities of the union to join with other labor groups in Winston-Salem to secure the election of a Negro alderman. On the contrary, I believe and have always believed that this is a legitimate and important aspect of a trade union's functioning. I note, without too much surprise, that the report assiduously fails to comment on the political activities of the employer.

This report, as I have already indicated, deeply disturbs me. It would be alarming coming at any time and from any committee because the working people of this Nation have a right to be treated fairly by their elected representatives.

However, I am particularly troubled by the release of this report at this time, for the release comes at precisely the moment when the R. J. Reynolds Co. is apparently preparing to renew its historic antiunion policies. Nothing could more effectively further the present attempts of the company to disavow the bargaining agent selected by its employees and to repudiate the collective-bargaining process than the present report.

This report cannot be viewed in isolation. Of late, we have seen the emergence of a new repressive technique in labor relations. "Government by injunction" is rapidly being supplemented by a much more powerful and effective antiunion weapon, "government by committee." In one major labor dispute after another I have seen congressional committees strategically intervene on the side of an employer to break a strike; to blight a collective-bargaining relationship; to destroy a union.

I know you will agree that it was not the purpose of that section of the law which created the joint committee to bring into being a new technique of industrial oppression. I therefore call upon you to repudiate the plant study in question and to restore the work of your committee to a truly objective level of investigation.

Reports of this type are not new to me. A decade or more ago when labor organizations in this country were the victim of an unrestrained attack by labor-hating corporations such reports were quite fashionable. The officers and managers of powerful antiunion corporations frequently engaged slick "labor consultants" and paid huge fees for such reports to be presented to their stockholders in order to justify a vicious course of antiunionism. This report has not been bought and paid for. It is a product of a congressional committee.

The observation has been made by the chairman and members of the joint committee that labor has not seen fit to use the joint committee as a forum in which to voice its objections to the Taft-Hartley Act. In the light of this report, can there be any question why this is so?

Sincerely yours,

PHILIP MURRAY, *President.*

APPENDIX B

MARCH 8, 1948.

DEAR SENATOR BALL: I have before me your letter dated January 27, 1948, together with two copies of a report on labor-management relations at the B. F. Goodrich Co. in Akron, Ohio, on which you requested my comments and criticism.

I have read the document very carefully and I appreciate the opportunity afforded me to comment on the findings of this committee, with the hope that where I differ with the report a careful survey will be made to determine the facts, and more consideration will be given to various statements before this report, in its entirety, is submitted to any full committee as factual.

On page 2, first paragraph, the committee reports: "Average intelligence and good physical condition are the only prerequisites to employment and the great bulk of the labor force is classified as unskilled or semiskilled," and that "tire builders are usually regarded as the aristocracy among rubber workers, and they plus some maintenance workers are practically the only skilled workmen in a typical rubber plant."

In commenting on the above let me say that the company did, prior to the war, and is presently exercising the policy of hiring males of 45 years or younger and females of 40 years or younger. Also, tire builders and maintenance workers are not the only skilled workers in a rubber plant. As a matter of fact, calender operators are the highest skilled on production jobs. Then we have tank liners, belt splicers, stenographers, secretaries, mimeograph operators, hectograph operators, duplicators, etc.

In the third paragraph of page 2 the committee states, "the percentage of direct labor costs is 30 percent of the sales returns." This is more than 300 percent high.

On page 8 the statement is made in the first paragraph, "The industry is now on a 6-hour day with a 36-hour week." This is incorrect, as the industry as a whole is not on a 6-hour day and a 36-hour week.

On page 8, second paragraph, the committee states, "There has always been a substantial wage differential between Akron and the outside plants, with the exception of those in Detroit which pay the same high rates as prevail in Akron." The Akron wage for rubber workers is not as high as wages paid in other basic industries. The trend of increases for the past 15 years has not kept up with industries such as auto, and then again, has not kept pace anywhere equal to the increase in production per man-hour.

On page 10, third paragraph, the committee again deals with hours of work, stating: "Hours of work as set forth in the contract are based on the work available and limit the work day to not more than 6 hours and a maximum of 36 hours in one pay-period week." The committee does refer to the flexible hour in case of emergencies. Of course the union recognizes that in an industry such as it represents there must be a flexibility in hours allowing an increase in hours of work per day during peak periods of production, as well as allowing rotation down to short hours per week before permitting lay-offs. As an example, there is a department in the B. F. Goodrich Co. employing more than 200 men working 8 hours per day, 13 days on and 1 off, which causes them to work every other Sunday. This schedule has been in effect for 18 months. Many other similar situations exist and have existed, but for shorter periods.

Consideration should be given in the Goodrich situation, if not in the entire industry, to the vicious piecework system employed here. The Goodrich Co. uses the Bedeaux incentive system, and the average worker in the Goodrich Akron plants averages very close to a 90 B or unit hour, which represents 50 percent over base rate, base rate being a 60 B or unit hour. It might be well to go into the history of this type of incentive so that the committee may be informed as to just what is meant by a "90 B hour average" and "50 percent over base rate." Most time-study engineers will agree that in a nonincentive industry an employee working normally, without incentive, will produce under the Bedeaux system only a 45 B hour. (Compare this with the 90 produced in the Goodrich plant today.) The Goodrich Co., in establishing the Bedeaux system, recognizing that the normal worker employed on nonincentive work would produce only a 45 B hour, established a 60 B hour as normal when it instituted the system in the plant, taking a 33⅓ percent advantage at that time. All piecework standards are set on that basis—that a normal man working at a normal speed, producing normally, with proper time out for personal needs, will produce at a 60 B hour. (Again I remind you that this is 33⅓ percent above normal in a nonincentive industry.) Piecework standards being set on that basis, the average Goodrich worker has gone further and extended himself due to the short workday (that in itself making it possible) to a 50 percent increase, on averages, above normal.

Again dealing with the question of 6 hours per day and 36 hours per week here in Akron, the rubber industry employs some fifty or sixty thousand employees on the 6-hour-day basis. If an 8-hour day were developed, going from 6 to 8 per day would result in the displacement of 25 percent of the present employed figure; consequently throwing approximately 15,000 wage earners and heads of families out of work. That, in addition to the already high peak of some 10,000 unemployed in this city of less than 300,000 population. Let me sum up the above by saying the average employee working in the B. F. Goodrich Akron plants actually produces, in 6 hours, the equivalent of 12 hours' work in a nonincentive industry.

At the bottom of page 17 it is reported that Mr. Keener requested that the information relating to the cost of the retirement program, group life insurance, group hospitalization, and sickness and accident insurance be kept confidential. The fact that the company seeks to conceal from the union representative the cost of these programs, which are very vital to the welfare of the employees, is indicative that the cost of these programs requires investigation. It is my opin-

ion that a disclosure of the costs will reveal what a committee reported to our Executive Board about a year ago, which was that these various insurance programs are not costing the employers nearly as much as they pretend they are costing. At the top of page 18 the committee reports that the company again repeated its position that insurance and welfare programs are not proper subjects for negotiation with the union.

On page 18, under the heading of "The incentive system of wage payment," the committee states, "Nearly the entire rubber industry operates on some form of incentive system or piecework basis. Only those employees working on jobs not susceptible to this type of calculation are hourly rated." In the Goodrich Co. in Akron the sweepers, oilers, and almost all types of jobs are on piecework. The committee further states, "There is virtually no differential between plants doing similar work in the same area." There is a difference maintained by the company between the industrial products division and the tire division, and between those two divisions and the mill 4 division. Then within the plant there is a great difference between the rates of two millmen simply because of the type of product their milling material is made into; so the committee is misinformed in regard to there being no difference between rates within the same area.

At the bottom of page 18 the committee does not quote the spread of base rates at the Goodrich plant properly. The committee deals with the base rates prior to the inclusion of the 30 cents in the base rate. I will give you the spread at that time rather than the spread of base rates at the present times. The committee quoted the low in base rates of $0.595, which is correct, but the high is $1.1352 rather than $1.04.

On page 19, in the first paragraph, the committee states, "While there is no ceiling placed on earnings by company rules, practices or contract terms, company officials stated there was an effective production ceiling imposed by the workers, that if a worker produced much over 90 'B's' per hour he was inevitably approached by other workers who always succeeded by one means or another in convincing him of the wisdom of maintaining a steady average production." This statement is untrue, and I am sure that in checking with the company you will find that my quotation of around a 90 "B" hour average in the Akron Goodrich plants is correct. Then if we have an average of 90 the "B" hour will have to be, in many instances, above 90 regularly. There are plenty of departments that operate normally from day to day at 100 "B's" per hour. There are some departments that operate normally from day to day at 80 "B's" per hour. The brake on the whole situation is in the hands of the company, for the system here does not allow a worker to produce consistently in excess of a 90 "B" hour. If he does produce consistently in excess of a 90 "B" hour, an investigation is made to determine if it is not possible to find some way to cut the piecework price. The workers have been informed of this by their supervisor. There is no question in their minds that any time they consistently earn over 90 "B's" per hour they are in danger of receiving a piece-price cut.

At the bottom of page 19 a statement is made which the union can appropriately use in future negotiations and discussions with employers when the employer complains about productivity. The committee has apparently concluded that many factors must be taken into account on the question of productivity in addition to the general accusation that employees are lying down on the job.

At the top of page 20 the committee reports that a part of the decrease in productivity is attributable to union pressure and attitude. The paragraph is concluded with a statement to the effect that it would be interesting to note whether increased availability of labor results in increased productivity per man-hour. In Cleveland Mr. Keener stated that tires were being sold today at less than they were in 1939, in spite of the fact that they are paying 54 percent more for labor and 300 percent more for materials. In view of such a statement, and having personal knowledge of there not being too many mechanical changes, one can only deduce that there has been a marked increase in productivity per man-hour, and most of that without the benefit of any mechanical device.

At the bottom of the first paragraph on page 22 the committee makes the statement that the 18½-cent increase in March 1946 had a lot to do with setting the pattern throughout most of the country's mass-production industries. I am not sure whether this statement is intended to be complimentary or not. It may be that the object in making the statement is to create the impression that the union is too strong. As a matter of fact, the 18½-cent pattern had been established in the steel industry before our settlement was made. It is true that the general wage increase in steel was less than 18½ cents, but the general increase plus that granted to handle inequities was 18½ cents.

At the top of page 32 the committee erroneously reports that since the war Big Four bargaining has been discontinued. Obviously, this statement is inaccurate. The only Big Four bargaining that has been conducted has been since the war.

Again on page 32 in the second paragraph, the committee erroneously states that the 6-hour day has been standard in the rubber industry since depression days except for the period of war production.

At the bottom of page 32 the committee makes the following statement, "There has been no instance of strike action against an arbitration award, the union has earned the reputation of being responsible and living up to the terms of its contracts. There are wildcat stoppages, of course, but there is no evidence that these are union-inspired or that the union has been delinquent in getting the men back to work." This statement is appreciated, and if this is part of the committee's report it should be used frequently to build up the reputation and prestige of the union, since the good standing of the rubber workers is its greatest asset.

I appreciate having had the opportunity to make the above comments, and stand ready to give further verbal or written comment if the committee so desires.

Respectfully yours,

GEORGE R. BASS, *President.*

APPENDIX C

OCTOBER 31, 1947.

Mr. PAUL M. HERZOG,
Chairman, National Labor Relations Board,
Washington 25, D. C.

DEAR SIR: This is to officially advise you that the international executive board of the United Automobile, Aircraft, Agricultural Implement Workers of America, CIO, has voted to comply with the requirements specified in the Taft-Hartley Act as preliminary to utilization of the National Labor Relations Board machinery.

Some of the local unions of the UAW-CIO, and specifically the Glenn L. Martin Local 738, Baltimore, Md., have already taken the necessary steps on the local level. We are advising all local unions affiliated with the UAW-CIO of the action of the international executive board so that they too may take the necessary steps to effect compliance.

In the light of this action on the part of the international executive board of the UAW-CIO, I am requesting preservation of our rights in all pending cases during the interim period required to take the necessary procedural steps.

This action on the part of the international union in no way compromises our complete opposition to the provisions of the Taft-Hartley Act, and our determination to continue to fight for its outright repeal. It should be clearly understood that this action is without prejudice to our right to challenge the constitutionality of the act or any of its provisions in the courts.

Very truly yours,

WALTER P. REUTHER,
President UAW-CIO.

APPENDIX D

REPORT OF INTERNATIONAL ASSOCIATION OF MACHINISTS

The filing requirements of Public Law 101 present many problems, hardships, and expense to not only our parent organization but to our district and local lodges as well. As the first international union to meet the filing requirements of this law it has been our experience that the filing requirements jeopardize the very stated intent and purpose of this legislation. These obvious nuisance requirements have in effect caused delay in granting to employees their declared right of representation by a union of their choice. Peaceful labor-management relations have likewise been hampered because of the barrier erected by the law's filing requirements.

In order to fully explain these allegations it is necessary to recount the history of events which have taken place since passage of this law. While we naturally expected uncertainties and delay we did not expect the utter confusion and lack of preparation by the Government agencies named to administer its provisions.

On July 1 the I. A. of M. had 587 cases pending with the NLRB. Of this figure 433 were representation cases and 154 charges of unfair labor practices. The status of these cases remained in doubt until August 14 when we were unofficially informed that the NLRB had notified all its regional offices that beginning August 22 no certifications would be issued where election had been held and no elections directed where hearings had been held until the full filing requirements had been completed. Upon inquiry to both the NLRB and Department of Labor we found that they had but vague ideas as to what would constitute compliance and that the necessary forms for compliance had not yet been printed.

Not until August 27 could we procure a sufficient quantity of NLRB Forms 1080 and 1081 and the Department of Labor Registration Form 44–R700 to furnish our local and district lodges. This entailed a huge problem and expense because explicit instructions did not accompany the required forms and affidavits. It was necessary for the I. A. of M. to prepare instructions to accompany the forms and mail these to the 87 district lodges and 1124 local lodges affected by the law.

We assumed that after properly filing the necessary requirements the NLRB would start processing our delayed cases. However, much to our surprise we were notified on September 22 that the NLRB had to have proof that the financial audits of the international, district, and local lodges had been furnished to our entire membership before we would be considered in full compliance. The situation was further aggravated; we found that the NLRB did not have the required form printed. This necessitated a further 10-day delay and again made it necessary that we prepare instructions and mail to the local and district lodges.

After numerous conferences with officials of the NLRB and Department of Labor the international was declared in compliance by General Counsel Denham on October 15, 1947. However, because our union had respected local lodge autonomy for the past 60 years and as a result our collective agreements with management are in the name of the local and district lodges it was necessary that we hire 23 additional representatives to assist our lodges in gaining their compliance. This compliance was also necessary because the petitions which were pending were in the name of the local and district lodges. Some idea of this problem can be realized when it is understood that 12,364 local lodge officers and 609 district lodge officers are required to file and have notarized NLRB Form 1081. Each of our 1,124 local and 87 district lodges must file notarized copies of NLRB Form 1080. The same number of local and district lodges must file Form 1085. These lodges must also prepare and submit Form 44–R700 to the Department of Labor with a complete financial report for its last fiscal year. The expense alone of this undertaking can be visualized when it is necessary to pay at least 50 cents apiece to have these forms notarized. This filing requirement had to be accomplished by October 31, 1947, as that was the dead line set by the NLRB for all pending cases. With this filing requirement accomplished after many hardships and set-backs we naturally assumed that our cases would be processed and collective bargaining could resume on uninterrupted bases. However, in the early part of December it became apparent that no provision had been made in the law to allow an extension of time for us to refile for the coming year in compliance with the act.

At a conference held with General Counsel Denham on December 19, 1947, we were informed that the language of the act did not permit the general counsel to grant any extension of time after December 31, 1947, to meet the filing requirements under section 9 (h) of the law. This situation remained in the dark until December 30, when we were informed that General Counsel Denham had telegraphed instructions to all regional offices to process to final conclusion all cases then pending which had been originated by unions then in compliance. We labored under this impression until January 15 when we were notified by our regional representatives that all cases had been stopped in NLRB Regions 10, 20, and 21 because the regional directors were placing a literal interpretation to the law and insisted that until such time as our newly elected officers for the year 1948 had filed Forms 1080 and 1081 they would not process nor accept any cases.

Upon inquiry to General Counsel Denham we were notified that his interpretation of December 30 related only to an extension of time to meet the filing requirements with the Department of Labor and NLRB Form 1085. This presented a major problem to our local and district lodges because while our officers are elected in the month of December they cannot be installed until the first meeting in January according to our constitution and they could not truthfully swear to being officers of the lodge until they have taken their oaths of obligation and assumed their duties. This meant that the general counsel and regional offices would not process cases affecting these lodges during this interim period.

This not only affected our 627 pending representation and 151 unfair-labor cases but also held in jeopardy 181 petitions for union-security elections which were pending on January 1, 1948. This situation made it necessary for additional representatives to be assigned to assure our local lodges of properly filing their necessary compliance forms. As it can be well appreciated that with 181 collective-bargaining agreements held in jeopardy because of this nuisance requirement, relations between management and the union became strained and unsettled. This situation also necessitated that the representatives assigned to their normal duties of organizing and assisting local lodges with their many problems had to concentrate their efforts on the filing requirements.

As a result of the technicalities involved in this new law and the necessity to protect ourselves against lawsuits and injunctions, it has been necessary for the international union to retain attorneys in each one of the six regions serviced by general vice presidents. It has also been necessary to supplement this staff of attorneys with a general counsel and Washington legal representative. Because of the numerous technicalities involved in the law, especially in the filing requirements, it has been necessary to assign additional attorneys to the 21 regional offices where the I. A. of M. maintain representatives before the NLRB regional offices. It has also been necessary to add additional file clerks and office help to take care of the records made necessary by these filing requirements. This expense must ultimately be borne by the membership itself and therefore results in an increased cost for the right of representation under the law and a decrease in the actual service to the union's membership. The law has caused a terrific increase in the union's operating overhead.

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